

Marion B. Harvey, Roseland.
Edna E. Dudley, West Graham.
John S. Hinegardner, Weyers Cave.
Marguerite Alden Walker, Woodberry Forest.

WASHINGTON

Winifred L. Killion, Bryn Mawr.
Mable R. Clothier, Burien.
Ira A. Moore, Greenacres.
Lillian Brain, Thorp.

SENATE

MONDAY, NOVEMBER 29, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

PRENTISS M. BROWN, a Senator from the State of Michigan, appeared in his seat today.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, November 26, 1937, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Clark	Hitchcock	Overton
Ashurst	Connally	Johnson, Calif.	Pittman
Austin	Copeland	Johnson, Colo.	Pope
Bailey	Dieterich	King	Radcliffe
Bankhead	Donahay	Lee	Russell
Barkley	Duffy	Lodge	Schwartz
Berry	Ellender	Logan	Schwellenbach
Bilbo	Frazier	Louderman	Sheppard
Bone	George	Lundeen	Shipstead
Borah	Gerry	McAdoo	Smathers
Bridges	Gibson	McCarran	Smith
Brown, Mich.	Gillette	McGill	Stelwer
Brown, N. H.	Glass	McKellar	Thomas, Okla.
Bulkeley	Graves	McNary	Thomas, Utah
Bulow	Green	Maloney	Townsend
Burke	Guffey	Miller	Truman
Byrd	Hale	Minton	Vandenberg
Byrnes	Harrison	Murray	Van Nuys
Capper	Hatch	Neely	Wagner
Caraway	Hayden	Norris	White
Chavez	Herring	O'Mahoney	

Mr. MINTON. I announce that the Senator from West Virginia [Mr. HOLT], the Senator from Delaware [Mr. HUGHES], and the Senator from North Carolina [Mr. REYNOLDS] are absent from the Senate because of illness.

The Senator from Montana [Mr. WHEELER] is absent because of a death in his family.

The senior Senator from Florida [Mr. ANDREWS], the Senator from Illinois [Mr. LEWIS], the Senator from New Jersey [Mr. MOORE], the junior Senator from Florida [Mr. PEPPER], the Senator from Maryland [Mr. TYDINGS], and the Senator from Massachusetts [Mr. WALSH] are unavoidably detained.

Mr. AUSTIN. I announce that the Senator from Pennsylvania [Mr. DAVIS] is necessarily absent.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

THEODORE AUGUSTUS WALTERS

Mr. POPE. Mr. President, on November 27 Theodore A. Walters, First Assistant Secretary of the Interior, died at the Naval Hospital in Washington.

Mr. Walters was long a resident of my State. He was an attorney of distinction, he held high official positions in the State; and he possessed to an unusual degree the respect and confidence of the people.

I knew him for more than a quarter of a century, and was closely associated with him during all that time. His death came as a severe shock to me. I pay to him my tribute of love and respect.

In this connection, I ask to have inserted in the Appendix of the Record a memorandum for the press issued by the Department of the Interior on November 27, 1937.

The VICE PRESIDENT. Without objection, it is so ordered.

PRIVATE CONSTRUCTION AND FINANCING OF HOUSING (H. DOC. NO. 406)

The VICE PRESIDENT. The Chair lays before the Senate a message from the President of the United States, which will be read.

The message was read, referred to the Committee on Banking and Currency, and ordered to be printed, as follows:

To the Congress of the United States:

In my message to the Congress upon the convening of the extraordinary session on November 15 I said that I would address you further in regard to proposals to encourage the private construction and financing of housing on a large scale. The proposals which I am presenting for your consideration now are an important part of the program for increasing general business activity and employment during the coming year.

From the point of view of widespread and sustained economic recovery, housing constitutes the largest and most promising single field for private enterprise.

Housing construction has not kept pace with either the needs or growth of our population. From 1930 to 1937, inclusive, the average annual number of new dwelling units constructed in the United States was 180,000, as contrasted with an annual average of 800,000 in the 7 years prior to 1930. In addition much of our existing housing has seriously deteriorated or has been demolished.

It is estimated that an average of 600,000 to 800,000 dwelling units ought to be built annually over the next 5 years to overcome the accumulated shortage and to meet the normal growth in number of families. In other words, we could build over the next 5 years three or four million housing units which, at a moderate estimate of \$4,000 per unit, would mean spending from twelve to sixteen billion dollars, without creating a surplus of housing accommodations and, consequently, without impairing the value of existing housing that is fit for decent human occupancy.

The long-continued lag in building is a drag on all industry and trade. This presents an urgent problem which is the common concern of industry, labor, and government. All business needs the infusion of orders and the diffusion of purchasing power that come when building is thriving. Great numbers of people look directly or indirectly to the construction industry for employment. This industry, to a greater extent than any other, can put idle funds to work and thus speed up the circulation of the Nation's money supply. This, in turn, would increase national income, reduce unemployment, and, as a result, contribute toward a balancing of the Budget.

Since 1933 we have had a great recovery movement in which housing construction has played only a minor part. That it should play a major part has been clearly recognized by this administration from the outset. But, though much has been done to encourage construction activity, the results have not yet been satisfactory. Instead of a seasonal rise in housing construction through the past spring and summer, there was an early downturn. This was one of the principal reasons why general business failed to forge ahead during the latter part of the year.

We must recognize clearly that housing will not be built if costs are too high in relation to the consumer's income. The fact that housing costs rose sharply—far too sharply—between September of 1936 and March of 1937 was primarily responsible for the downturn in housing and thus in recovery generally this year.

Revival of housing construction must be based on reduction of the costs of building and the payment for buildings rather

than on a resumption of the rising costs that stopped progress in this essential field last spring and summer. Housing must be produced at prices, rates, and rents that the mass of our people can afford to pay.

The Government has made provision, through assistance to municipal housing, for many of the most needy. But private enterprise and private capital must bear the burden of providing the great bulk of new housing. The measures I now suggest are to encourage private building to meet the needs of families of moderate means. These proposals cannot be effective, however, unless all elements concerned in the construction industry—builders, contractors, manufacturers of materials and equipment, labor, and finance—cooperate in producing housing that is within reach of the incomes of the vast majority of our citizens.

If the building industry is to play the vital part that it ought to have in our economic system, it must do it in the characteristic American way. It must develop, as other great industries have developed, the American genius for efficient and economical large-scale production. The lower unit costs resulting from large-scale production will make for greater annual returns for the entire building industry, including all workers engaged in that industry, and for a higher standard of living for the country as a whole.

The problem of reducing costs to a point where larger volume, longer employment, and higher annual earnings are possible is one that must be solved in major part by the building industry itself. The Government, however, can take the initiative by bringing about a reduction of financing costs, by making it easier for families of moderate means to buy or rent new houses, and by providing mechanisms to make it practicable for private enterprise to engage in large-scale housing operations for the mass market.

In order, therefore, that Government may give the fullest encouragement to a broad revival of building, I recommend that the Congress adopt at this time measures to facilitate the financing of every type of housing construction, whether for sale or for rent, and ranging from the small house to entire residential communities and large low-rent apartment buildings. In addition to measures to stimulate new construction, I recommend that provision be made for an extensive program of repairs and modernization.

As a practicable means of encouraging and facilitating a more effective operation of private enterprise and private capital in the housing field, I am suggesting enlargement of the framework of the National Housing Act in the light of actual experience. This legislation, enacted by the Congress in 1934, provided a new financial mechanism applicable to all types of lending institutions that make loans for housing purposes. Enabling legislation giving effect to this new mechanism was subsequently enacted by all the States. Within the limits of the types of housing to which it applies, it has proved to be both popular and practical.

Under the National Housing Act the Congress established the Federal Housing Administration, which insures mortgages on certain types of housing, but itself makes no loans. The agency is designed to become self-sustaining through the operation of a mortgage insurance fund, into which premiums are paid by borrowers who obtain loans under the provisions of the act from private lending institutions. An ultimate guaranty of loans that may default is given by the Federal Government, but this guaranty becomes operative only in the event that recoveries from the sale of defaulted properties, together with all the moneys in the insurance fund, should be insufficient to pay the insured claims. Hence, even if any cost should result to the Government because of this guaranty, it would be negligible when measured by the volume of construction and employment induced by the fact that the guaranty is there should it ever have to be availed of.

The benefits of financing under the National Housing Act apply to two main classes of transactions—namely, those in which a single house becomes security for a loan and those in which a limited-dividend company obtains a loan in order to

develop a rental housing project. The amendments which I am suggesting are of three kinds: (1) To effect further reductions in financing costs; (2) to extend the insurance of mortgages to types of housing operations not now adequately provided for in the act; (3) to make the funds of institutional and individual investors more easily available for the financing of large-scale operations.

Because it takes the average buyer of a house or investor in housing a long time to pay for the property, the cost of financing is in the long run one of the largest items in housing costs. In the case of rental housing it is a determining factor, first in whether construction shall be undertaken at all, and second, in arriving at the scale of rentals to be charged.

Institutions making loans to be insured by the Federal Housing Administration are now permitted by regulation to make an interest charge up to 5 percent and a service charge of one-half of 1 percent, or a total of 5½ percent per annum. It is proposed to reduce this to 5 percent net by amending the administrative regulations.

As a means of further reducing the cost to the borrower, however, I would ask the Congress to authorize the Federal Housing Administrator to fix the mortgage insurance premium as low as one-half of 1 percent on the diminishing balance of an insured mortgage instead of on the original face amount as now required by the act. Further, as a means of giving special encouragement to the construction of small, moderately priced houses, I would ask the Congress to authorize the Federal Housing Administrator to fix the mortgage-insurance premium as low as one-fourth of 1 percent on the diminishing balance of an insured mortgage in cases where the estimated value of the property to be built does not exceed \$6,000 and where the mortgage is insured prior to July 1, 1939.

Another change that I would ask the Congress to make in the existing legislation is to raise the insurable limit from 80 percent of the appraised value of the property, as at present, to 90 percent in the case of loans to owner-occupants where the appraised value of the property does not exceed \$6,000. This proposal is of great importance. It recognizes the fact that most persons who desire to own homes of their own cannot make a first payment as large as 20 percent of the purchase price. This is particularly true after the severe depression of recent years, in which the savings of millions of prudent and thrifty families were depleted.

The fact is not generally recognized that the majority of our urban families are not home owners. In the larger cities, the proportion of rented dwellings runs from 60 to nearly 80 percent of the total. Accordingly, I am suggesting for your consideration measures designed especially to facilitate the construction and financing, under the economies of a blanket mortgage, of groups of houses for rent, or for rent with an option to purchase. Such operations would afford economies in construction as well as in financing, and would therefore, I believe, lead to the formation of substantial companies to avail themselves of the opportunities in this particular field. These same measures are also designed to encourage the construction of apartment buildings to be operated on a moderate scale of rentals, with the mortgage in any case not to exceed \$1,000 per room. This is a type of apartment property particularly adapted to the requirements of our smaller cities.

In the construction of large-scale rental properties, a small but creditable beginning has already been made under the existing provisions of the National Housing Act applicable to limited-dividend companies. Those provisions, however, need to be clarified and simplified in order to encourage a more extensive development of large rental projects in the larger communities where they are needed.

Among the most important of the measures to which I would invite your consideration are those designed to facilitate the financing of these large projects. Here there is a great gap in our financial mechanisms. The large projects thus far constructed under the provisions of the National

Housing Act have been closely regulated as to rents, charges, capital structure, rate of return, and so forth, and the excesses and abuses which widely characterized the financing of apartment properties in the 1920's have thereby been avoided. The very size of the loans in the case of these large projects, however, makes it difficult to finance them by means of a single mortgage.

I would therefore urge the Congress to liberalize the provisions of the act under which the chartering of National Mortgage Associations is authorized, and, among other things, to give these associations explicit authority to make loans on large-scale properties that are subject to special regulation by the Federal Housing Administrator. The effect of the change here proposed would be to enable these properties to be financed by National Mortgage Associations through the sale of housing bonds or debentures amply secured by the insured mortgages on the properties.

In order that one or more such associations may be promptly organized, I shall ask the Reconstruction Finance Corporation to make available, out of the funds already allocated to the RFC Mortgage Co., \$50,000,000 for capital purposes. Under the amendments proposed, this would provide the basis for \$1,000,000,000 of private funds obtainable through the sale of National Mortgage Association debentures.

Another of the suggested amendments that I regard as of special importance would make the limitation of \$2,000,000 on the amount of mortgages insurable under the National Housing Act apply to the amount of insurance to be outstanding at any time and would remove the limitation of July 1, 1939, now applicable to the ultimate guaranty of the Federal Government. These changes would immeasurably encourage private financing under the act without increasing the amount of the contingent guaranty provided in the existing legislation. In connection with these changes, I would suggest that the Congress eventually limit the insurance of mortgages to housing on which the application for mortgage insurance is approved prior to the beginning of construction.

Finally, I am suggesting that insurance be provided for repair and modernization loans in a manner similar to that which was formerly provided under title I of the National Housing Act. This former provision expired by limitation on April 1 of the present year.

Considered in relation to existing provisions of the National Housing Act, the Federal Reserve Act, the Federal Home Loan Bank Act, and extensive enabling legislation that has been enacted by the several States, the adoption of these measures would for the first time provide all the financial mechanisms essential to a widespread and sustained revival of housing construction. The terms of financing would be the most favorable ever made generally available in this country for housing purposes—half, or less than half, the cost of loans of comparable proportions under the system of first, second, and third mortgage financing that was widely prevalent in the 1920's. Large and continuous activity and employment in housing construction, which is not feasible under our present limited methods of financing, would be put decisively on a practicable basis.

The success of such a program as this, however, cannot be assured by governmental action alone. It will depend mainly on the willingness of industry and labor to cooperate in producing housing at costs that are within the reach of the mass of our people. The goal at which both industry and labor should aim is sustained large-scale production at lower costs to the consumer. This will mean a larger annual wage for labor because of the larger amount of employment than is possible at high hourly rates with long periods of unemployment. It will mean a larger annual income for industry because of the larger volume of production than is possible at high unit prices with greatly restricted output.

Because this was not the goal of industry and labor during the past construction year, the result soon proved injurious, not only to the building industry and its workers but to business and employment generally. The sharp rise

of wage rates and prices in this industry, just before the last building season, reduced by 100,000 to 150,000 the number of new dwelling units that competent authorities had estimated were in prospect for 1937.

It is now clear that we cannot have a strong revival of housing construction on the terms that were exacted by industry and labor last spring. The rise in hourly wage rates and in material prices was too rapid and too great for the consumer to bear. A similar rise in costs likewise checked production and buying in other industries as well. In emphasizing these facts I am not seeking to apportion blame, for manifestly no industrial or labor groups would deliberately adopt a policy that would react to their own disadvantage. I am simply pointing out what did occur and what the consequences were.

In the budget of the great mass of our families the point is quickly reached where increased costs mean reduced consumption. Reduced consumption, in turn, means a decline in someone's business and someone's employment. The essential problem of the construction industry and its workers, then, is to find a reasonable way, through continuity of production and employment, to adjust the costs of housing to the consumer's means.

To help attain this end it is my intention to initiate a series of conferences with representatives of industry, labor, and finance, with a view to giving housing construction a fresh start in the coming building year and averting a recurrence of the conditions that brought about the reverses of the present year. If these groups will cooperate in this effort, as I believe they will, the result cannot but work to the advantage of our whole national economy.

Comparatively simple changes in and additions to existing laws will make this start possible.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, November 27, 1937.

Mr. WAGNER. Mr. President, I ask consent to introduce a bill which in effect carries out the recommendations contained in the President's message.

The VICE PRESIDENT. Without objection, the bill will be received and appropriately referred.

The bill (S. 3055) to amend the National Housing Act, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

REPORT OF CIVIL SERVICE COMMISSION

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read and referred to the Committee on Civil Service, as follows:

To the Congress of the United States:

As required by the act of Congress to regulate and improve the civil service of the United States approved January 16, 1883, I transmit herewith the Fifty-fourth Annual Report of the Civil Service Commission for the fiscal year ended June 30, 1937.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, November 27, 1937.

[NOTE.—Report accompanied similar message to the House of Representatives.]

MEMORIALS AND ENTOMBMENT OF BODIES IN ARLINGTON MEMORIAL AMPHITHEATER

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, referred to the Committee on Military Affairs, as follows:

To the Congress of the United States:

In compliance with the requirements of the act of Congress of March 4, 1921, I transmit herewith the annual report of the Commission on the Erection of Memorials and Entombment of Bodies in the Arlington Memorial Amphitheater for the fiscal year ended June 30, 1937.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, November 27, 1937.

COSTS, ETC., INDIAN IRRIGATION PROJECTS

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting, pursuant to law, a statement of costs, cancelations, and miscellaneous irrigation data of Indian irrigation projects for the fiscal year ended June 30, 1937, which, with the accompanying statement, was referred to the Committee on Indian Affairs.

SURPLUS BUFFALO AND ELK, WIND CAVE NATIONAL PARK

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation to authorize the Secretary of the Interior to dispose of surplus buffalo and elk of the Wind Cave National Park herd in South Dakota, and for other purposes, which, with the accompanying paper, was referred to the Committee on Public Lands and Surveys.

REPORT OF COMMISSION ON LICENSURE, HEALING ARTS PRACTICE ACT, DISTRICT OF COLUMBIA

The VICE PRESIDENT laid before the Senate the annual report of the Commission on Licensure, Healing Arts Practice Act, District of Columbia, for the fiscal year ended June 30, 1937, which was referred to the Committee on the District of Columbia.

AMENDMENT OF FEDERAL CREDIT UNION ACT

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 2675) to amend certain sections of the Federal Credit Union Act approved June 26, 1934 (Public, No. 467, 73d Cong.), which was, on page 4, after line 6, to insert:

SEC. 5. Provision by an employer of facilities for the operations of a Federal Credit Union on the premises of such employer shall not be deemed to be intimidation, coercion, interference, restraint, or discrimination within the provisions of sections 7 and 8 of the National Labor Relations Act, approved July 5, 1935, or acts amendatory thereof.

Mr. SHEPPARD. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by Locals Nos. 2 and 22 of the United Office and Professional Workers of America (C. I. O.), of Philadelphia, Pa., favoring the enactment of wage and hour legislation and protesting against the lay-off of workers in the Philadelphia area, which were ordered to lie on the table.

Mr. VANDENBERG presented a petition of sundry citizens of Detroit, Mich., endorsing the stand of the President in the present far eastern situation and praying for support of the administration's policy in the premises, which was referred to the Committee on Foreign Relations.

Mr. COPELAND presented a memorial of sundry citizens of Brooklyn and vicinity, in the State of New York, remonstrating against the enactment of any measure placing an increased tax or further impost on foods, which was referred to the Committee on Finance.

He also presented a resolution of the Master Brewers' Association of America, District of Western New York, protesting against any reduction in the duty on imported beer, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Chautauqua County Pomona Grange at Stockton, N. Y., protesting against the enactment of the so-called Black-Connelly wage and hour bill, which was ordered to lie on the table.

He also presented a resolution adopted by a convention of the Bronx County (N. Y.) Committee of the American Labor Party, favoring the enactment of the so-called Black-Connelly wage and hour bill, which was ordered to lie on the table.

ENROLLED JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 18th instant that committee presented to the President of the United States the enrolled joint resolution (S. J. Res. 222) granting the consent of Congress for the loan of certain portraits now located in the Capitol to the

United States Constitution Sesquicentennial Commission for exhibition in the Corcoran Art Gallery.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SHEPPARD:

A bill (S. 3054) for the relief of Ollie Albert Mikulanka (with accompanying papers); to the Committee on Naval Affairs.

(Mr. WAGNER introduced Senate bill 3055, which was referred to the Committee on Banking and Currency and appears under a separate heading.)

By Mr. GEORGE:

A bill (S. 3056) for the relief of Dorothy Anne Walker; to the Committee on Claims.

By Mr. HAYDEN:

A bill (S. 3057) for the relief of John Fanning; to the Committee on Claims.

By Mr. McADOO:

A bill (S. 3058) granting a pension to Mildred Mabel Metts; to the Committee on Pensions.

A bill (S. 3059) to provide for the sale of public lands for home and other sites; to the Committee on Public Lands and Surveys.

A bill (S. 3060) to prohibit any corporation to own or hold more than 10 percent of the outstanding stock of any member bank of the Federal Reserve System and to regulate the establishment and operation of branches by national banks; to the Committee on Banking and Currency.

By Mr. WALSH:

A bill (S. 3061) for the relief of Vincent Andrew Donovan; to the Committee on Naval Affairs.

A bill (S. 3062) for the relief of Thomas H. Eckfeldt; to the Committee on Claims.

A bill (S. 3063) for the relief of Maria Bartolo; and

A bill (S. 3064) for the relief of George Henry Levins; to the Committee on Immigration.

By Mr. NEELY:

A bill (S. 3065) to amend the act entitled "An act for the relief of Harry Bryan and Alda Duffield Mullins and others"; to the Committee on Claims.

By Mr. BILBO:

A bill (S. 3066) to foster interstate commerce and encourage visitation of national military cemeteries by cooperating with the States in making certain interstate bridges toll free; to the Committee on Commerce.

By Mr. McADOO:

A bill (S. 3067) to amend the Tariff Act of 1930 and the tariff rates on eggs and egg products; to the Committee on Finance.

By Mr. CLARK:

A bill (S. 3068) confirming to Louis Labeaume, or his legal representatives, title to a certain tract of land located in St. Charles County, in the State of Missouri; to the Committee on Public Lands and Surveys.

By Mr. LODGE:

A joint resolution (S. J. Res. 228) to amend the Neutrality Act of 1935; to the Committee on Foreign Relations.

AGRICULTURAL RELIEF—AMENDMENTS

Mr. McNARY submitted an amendment and Mr. LEE submitted an amendment in the nature of a substitute, intended to be proposed by them, respectively, to the bill (S. 2787) providing for an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. BAILEY submitted 15 amendments intended to be proposed by him to Senate bill 2787, the agricultural relief bill, which were ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

Amend by adding at the bottom of page 30, after the word "act" in the last line of subparagraph (f), the following:

"Provided the amount of any allotment and the sum of any money paid out to any person shall be disclosed to any Member

of the Congress upon demand: *Provided further*, Money benefits or rentals of \$3,000 or more shall be reported to the Congress with the names of the payees. And the Secretary of Agriculture is hereby directed to report to the Congress all money benefits, parity payments, or rental allowances heretofore made under his administration of \$3,000 or more with the names and addresses of the respective payees and the amounts paid to each."

Amend by adding at the end of the first paragraph on page 36, in line 2, after the word "Secretary", the following:

"But no penalty whatever shall be imposed upon or collected directly or indirectly from any owner, share tenant, tenant renter, or sharecropper, who lives on the farm and depends upon the same for a livelihood if he complies with the soil-conservation policy hereunder and his annual production of cotton to his own use does not exceed 3,500 pounds."

Amend by adding at the end of the first paragraph on page 37, after the word "Secretary", in line 4, the following:

"Out of the said 3 percent reserve, allotments or quotas shall be allowed only to farmers producing cotton for the first time in 10 years who live on their farms and whose means of livelihood are derived solely from cultivating the land on which they live. Such allotments shall not be assignable."

Amend by adding on page 37 after subparagraph (f) and before section 32 a new subparagraph numbered (g), as follows:

"(g) In determining the allotment of any State, county, or of any cooperating farmer (person or corporation) due consideration shall be given to any complaint that the average production of such State, county, or farmer was diminished unfairly, by mistake or wrong in any prior year or years, and any cooperating farmer complaining hereunder to the local committee shall have the right of appeal to the county agent, and from the county agent to the State director. Upon finding that such average production was wrongfully or by mistake caused to be diminished, the average and allotment shall be adjusted accordingly. Any State complaining shall complain to the Department of Agriculture. Any county complaining shall complain to the State director or other officer administering this act for a State."

Amend by adding a new section after section 32, as follows:

"In making allotments hereunder the allotment or quota of any farmer who lives on the farm and derives his livelihood therefrom, who complies with the soil-conservation policy, and whose 10-year average is 12 acres or less, shall in no case be reduced by more than 5 percent; and if such farmer's 10-year average is 20 acres or less, his quota or allotment shall not be reduced by more than 10 percent."

Amend by adding a new subparagraph on page 45, to be properly numbered and inserted at the end of section 42, as follows:

"In making allotments hereunder with respect to bright tobacco the officers administering this act shall not reduce the quota of a farmer living on his farm and deriving his livelihood therefrom more than 10 percent of his 10-year average if such average is 15,000 pounds or less, and if his 10-year average is 10,000 pounds or less his quota shall not be reduced more than 5 percent, provided in either case such farmer shall comply with the soil-conservation policy."

Amend by adding on page 45 at the end of the first paragraph, after the words "production of tobacco", in line 9, the following:

"Allotments or quotas from the 3-percent reserve shall be made only to farmers cultivating tobacco for the first time in 10 years, who live on their farms and whose livelihoods are earned by farming the land on which they live. Such allotments shall not be assignable."

Amend by adding at the proper place a new section, as follows:

"Sec. — In all cases under this act in which the officers or committees administering the same may exercise discretion, superior consideration shall be given to farmers having smaller allotments, who live on their farms and who derive their livelihoods from farming. In the exercise of such discretion the number of children or dependents of such farmers shall also be given due consideration."

Amend by inserting at the proper place a new section, as follows:

"Sec. — In no case shall a committee find averages or make allotments for the members thereof; but such allotments shall be made by a special committee appointed by the county agent for the county in which they reside, with the approval of the director for the State, who shall review the averages and the allotments made to any member of a committee. Upon complaint in writing of five cooperating farmers for any district for which a committee makes allotments, the county agent shall appoint a hearing, take the evidence submitted and report the same to the State director for such action as he shall consider appropriate in the premises."

Amend by adding a new section at the proper place, as follows:

"Sec. — The willful employment of any privilege or the willful exercise of any power hereunder by any officer or any committee or member thereof by way of favoritism, personal advantage, or for any political purpose whatsoever is hereby constituted an offense against the United States of America and upon conviction any such offender in the district court of the United States for the district in which he resides, shall be guilty of a misdemeanor and punished by fine of not less than \$100 or imprisonment for 30 days or both. Such offender shall be removed from office."

Amend by adding at the proper place a new section, as follows:

"Sec. — The department of agriculture of any State, or the Governor of any State, or the county commissioners of any county or parish (or other governing body of any county or parish in which there are no county commissioners), or any cooperating farmer (person or corporation) may complain to the State director or other State representative of the United States Department of Agriculture that any average found or any allotment made hereunder is incorrect or unfair, or not in accord with the standards of this act, showing the facts upon which such complaint is founded. Whereupon the State director or other State representative as aforesaid shall appoint a day for public hearing, take the evidence submitted, cause such further investigation to be made as he deems proper, find the facts, and report the same to the Secretary of Agriculture with appropriate recommendations. Whereupon the Secretary of Agriculture shall finally determine the controversy, subject to the constitutional rights of citizens, States, and persons. All proceedings and evidence taken hereunder shall be public."

Amend by adding a new section at the proper place, as follows:

"Sec. — Any tenant farmer or sharecropper may complain to the local committee with respect to losing his relationship of tenant or cropper, or his means of livelihood, on account of arbitrary or discriminating action by a cooperating farmer not in accord with the purpose and intent of this act, or on account of not receiving his fair tenant's share of any allotment made or benefit provided, or of any alleged unfair division or financial or lending benefits hereunder. Whereupon such local committee shall take, after due notice to the person complained of and within 20 days, such remedial action as it deems appropriate, with the right of appeal on the part of any party to the matter to the county agent, and from him to the State director representing the United States Department of Agriculture. Any cooperating farmer who, upon demand, after final determination, shall refuse for 30 days to abide by and execute the recommendations finally made shall be at once deprived of his status of cooperating farmer hereunder."

Amend by inserting at the proper place:

"DECLARATION OF NATIONAL POLICY"

"It is hereby declared to be the national policy (1) to aid agriculture generally by legislation intended to maintain parity prices—as heretofore defined—for all products of the soil; (2) and in pursuance of such policy to encourage the improvement of the soil with the view to reducing the cost of production; (3) to encourage a balanced national and local agricultural production; (4) to provide for orderly marketing of crops by reasonable advances upon surpluses; (5) to encourage the reduction in the cost of manufacture and selling of farm products, consistently with reasonable wages, in order to reduce consumer resistance and encourage larger consumption and demand; (6) to prevent the competition of other peoples with farmers of our country in our domestic market; (7) to recover and preserve the foreign market for our agricultural exports; (8) and to give special consideration to farmers who live on their farms and derive their livelihood therefrom, and amongst such farmers to those farmers, tenants, and croppers whose annual production is relatively small—to the end that the national policy shall improve their lot instead of imposing burdens upon them calculated to deprive them of fair opportunity to live upon a fair standard upon the fruits of their industry."

Amend by adding a new section at the proper place, as follows:

"Sec. — If any producer of cotton shall have contracted with the Department of Agriculture (1) to sell not less than 30 percent of his cotton crop for export, (2) to comply with the stipulations of the Department as to soil conservation and the planting of non-soil-depleting crops, and (3) not to plant a larger acreage to cotton than his 10-year average (1927-1937), he may elect at his option to receive in lieu of all other rewards, except loans under title VII, a bounty of \$10 per bale of 500 pounds for that portion of his annual crop of cotton sold by him for export not exceeding, however, 40 percent of his production for any year and the penalty herein provided shall not be imposed upon such farmer save in respect to such cotton as he produces in any year in excess of said 10-year average. This section shall apply whenever the spot market price of middling cotton is 12 cents or less per pound."

"The Secretary of Agriculture shall prepare and publish appropriate rules and regulations to carry into effect the purpose and intent of this section."

Amend by striking out the words "2,400 pounds", on page 44, line 13, and inserting in lieu thereof the words "3,300 pounds"; and by adding after the word "years", in line 18, page 44, the following: "Provided, That no penalty shall be imposed upon the production by a farmer living on the farm whose principal means of livelihood is dependent upon such farm in any case in which his annual production does not exceed 3,300 pounds. Such farmer shall be entitled to all the benefits hereunder, provided he complies with reasonable regulations under the soil-conservation policy."

RELATIONSHIP OF FEDERAL GOVERNMENT TO EDUCATION—ADDRESS BY SENATOR THOMAS OF UTAH

[Mr. DUFFY asked and obtained leave to have printed in the RECORD a radio address delivered by Senator THOMAS of Utah relative to legislation affecting education, which appears in the Appendix.]

ARMISTICE DAY ADDRESS BY ASSISTANT SECRETARY OF WAR

[Mr. COPELAND asked and obtained leave to have printed in the RECORD an address delivered by Hon. Louis Johnson, Assistant Secretary of War, at the Armistice Day ceremonies at National Memorial Amphitheatre, Arlington National Cemetery, Va., on November 11, 1937, which appears in the Appendix.]

AGRICULTURAL RELIEF

[Mr. CLARK asked and obtained leave to have printed in the RECORD a letter addressed to him by the Pemiscot County Agricultural Conservation Committee relative to the pending agricultural relief bill, which appears in the Appendix.]

CROP CONTROL FAVORED BY TOBACCO MEN—ARTICLE FROM HARTFORD COURANT

[Mr. LONERGAN asked and obtained leave to have printed in the RECORD an article from a recent issue of the Hartford (Conn.) Courant headed "Crop Control Favored by Tobacco Men," which appears in the Appendix.]

AGRICULTURAL RELIEF

The Senate resumed consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

The VICE PRESIDENT. When the Senate took a recess last Friday, the Senator from Alabama [Mr. BANKHEAD] had the floor. The Chair recognizes the Senator from Alabama.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. BANKHEAD. I yield to the Senator from Kentucky.

Mr. BARKLEY. On Saturday I received from the President a letter pertaining to the farm bill now under consideration. Before the Senator from Alabama begins his remarks, I should like to have the letter read from the desk.

Mr. BANKHEAD. How long is the letter?

Mr. BARKLEY. A couple of pages.

Mr. BANKHEAD. In yielding I desire to have it understood that I shall yield hereafter merely for the introduction of bills and resolutions. I hope Senators will not delay the program.

Mr. BARKLEY. I have no desire to delay the Senator, but, inasmuch as the letter bears on the subject we are considering, I thought it ought to be read before the Senator starts to speak, so as not to interrupt him after he begins.

Mr. BANKHEAD. I have yielded. Go ahead. I was speaking for the benefit of others who may come after the Senator.

The VICE PRESIDENT. Without objection, the letter will be read.

The Chief Clerk read as follows:

THE WHITE HOUSE,
Washington.

HON. ALBEN W. BARKLEY,
United States Senate.

MY DEAR SENATOR: In the discussion of the proposed farm bill now pending before the Senate I notice by the RECORD that you asked the following question of Senator SMITH:

"* * * It has been generally asserted that the amount available under the Soil Conservation Act was \$500,000,000, subject to a possible contingent additional sum of \$125,000,000, making \$625,000,000. Is that practically an accurate statement of the present financial situation?"

Senator SMITH replied that your statement of the financial situation is correct.

In this connection I should like to call your attention to the fact that while the amount of \$625,000,000 has been appropriated for agricultural programs not all of this sum has been provided for in the present tax structure. You will recall that in my message of March 3, 1936, I recommended additional permanent taxes of \$620,000,000, of which \$500,000,000 represented a substitution for processing taxes lost as a result of the Supreme Court decision and \$120,000,000 was to provide funds for the payment of the veterans' adjusted service bonds. This recommendation resulted in the enactment of the Revenue Act of 1936, which provided the additional revenue requested. The \$500,000,000 thus provided for agricultural programs is the only amount now in the tax structure for these purposes.

I assume that the contingent additional sum of \$125,000,000 referred to by you is the permanent indefinite appropriation of an amount equal to 30 percent of the gross receipts from customs duties collected during the preceding calendar year for the purpose of encouraging exportation and domestic consumption of agricultural commodities by section 32 of the act of August 24, 1935, amending the Agricultural Adjustment Act. It should be apparent that this appropriation has added a burden of expenditure to the Budget without any provision for additional revenues to meet it.

There is, of course, included in the tax base an amount for the normal operating activities of the Department of Agriculture prior to the emergency, which amounted to about \$70,000,000 a year, and are separate from the agricultural programs adopted within the past 4 years. These operating activities, however, have been greatly expanded within recent years without any increase in the revenues to meet the expenditures caused by such expansion. For example, the Soil Conservation Service was added 2 years ago and now expends more than \$25,000,000 a year to control soil erosion; and the Farm Tenancy Act authorizes an appropriation of \$20,000,000 for the current fiscal year, \$45,000,000 for the next fiscal year, and \$70,000,000 annually thereafter.

It is obvious that a constant increase of expenditures without an equally constant increase in revenue can only result in a continuation of deficits. We cannot hope to continue on a sound basis of financial management of Government affairs unless the regular annual expenditures are brought within the revenues. I feel that every effort should be made to keep the new farm program within the present limit of \$500,000,000 per annum. If this is not possible, I then urge that steps be taken to provide the necessary increase in revenue to meet any expenditures under the new farm program in excess of this sum.

Sincerely yours,

FRANKLIN D. ROOSEVELT.

Mr. McNARY. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Oregon?

Mr. BANKHEAD. With the statement I made just now, I yield. The Senator understands my position.

Mr. McNARY. I do not recall the statement.

Mr. BANKHEAD. I stated that I desired to go forward with my discussion without having any interruptions. If the Senator wishes to present something, I will yield. Otherwise, if the Senator desires to make a statement, I do not yield at this time.

Mr. McNARY. Mr. President, it is usual for one who asks a Senator to yield to state his purpose. I only ask the Senator to yield at this time that I may ask unanimous consent to present for subsequent consideration of the Senate an amendment at the request of the National Cooperative Milk Producers' Association of America.

Mr. BANKHEAD. I am glad to yield for that purpose.

Mr. McNARY. I ask also that the clerk read the proposed amendment at this time. It is not long.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to amend section 64 by adding a new subdivision at the end thereof, as follows:

(k) Payments with respect to any farm (except for lands which the Secretary determines should not be utilized for the harvesting of crops but should be permanently used for grazing purposes only) shall be further conditioned upon the utilization of the land, with respect to which such payment is made, so that soil building and soil-conserving crops planted or produced on lands normally used for the production of cotton, wheat, rice, tobacco, or field corn shall be used for the purpose of building and conserving the fertility of the soil, or for the production of agricultural commodities to be consumed on the farm, and not for market. As used in this subsection the term "for market" means for disposition by sale, barter, exchange or gift, or by feeding (in any form) to poultry or livestock which, or the products of which, are to be sold, bartered, exchanged, or given away; and such term shall not include consumption on the farm. An agricultural commodity shall be deemed consumed on the farm if consumed by the farmer's family, employees, or household, or by his work stock; or if fed to poultry or livestock on his farm and such poultry or livestock, or the products thereof, are to be consumed by his family, employees, or household.

Mr. McNARY. I thank the Senator for his courtesy. May I ask whether the Senator desires to conclude his statement before questions are propounded?

Mr. BANKHEAD. I should much prefer that that course be followed, and I think it will conserve time. Then I shall be glad to submit to any questions.

Mr. McNARY. I shall conform to the pleasure of the Senator.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield, with the same understanding.

Mr. BORAH. I have a letter from Mr. Daniel Bond, of Vernon, Tex., on the feature of the bill which deals with cotton. It seems to me a dispassionate and a most intelligent discussion of the subject, and I ask to have it inserted in the RECORD as a part of my remarks.

The VICE PRESIDENT. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

VERNON, TEX., November 19, 1937.

HON. WILLIAM E. BORAH,
Senate Office Building, Washington, D. C.

DEAR SENATOR BORAH: As the owner of a farm and a producer of cotton, I am vitally interested in the question of farm legislation and submit the following for your earnest consideration:

The administration wants Government acreage control and plans for 27,000,000 cotton acres next season. Based on the average yield per acre for the past 10 seasons (including this season) this would give an indicated yield next season of ten and three-quarters million bales. The theory of this restricted acreage is that it would enable the producer to get possibly 12 cents for his next season's production and permit the Government to dispose of what it will be carrying in cotton loans.

This would be a very pleasant prospect if it were the end of the story, but unfortunately it is not. There were one and three-quarters million bales carried over at the end of last season in the Government 12-cent loan. Based on an estimated consumption this season of twelve and one-quarter million bales, there will be an additional carry-over of 6,000,000 bales, or a total of seven and three-quarters million bales for the Government to reckon with at the end of this season. Based on a twelve-and-one-quarter-million-bale consumption again next season, the Government would still have six and one-quarter million bales on its hands on July 31, 1939, and at this rate it would be the end of July 1943 before the final disposal of Government accumulations.

What this plan will cost during the interim is impossible to say. Under the soil-conservation plan the farmer was allowed 5 cents per pound on 35 percent of his base production voided to cotton this spring and will be allowed 3 cents per pound on the remaining 65 percent of his base production this season, provided he agrees to follow the Government farm program next season. It therefore seems safe to assume that the money cost would approximate \$200,000,000 per annum, or a total of \$1,000,000,000 by the end of July 1943. The administration proposes to raise this vast sum through processing taxes, which have already proven uneconomic and disastrous to the American textile industry. Previous processing taxes have been declared unconstitutional, and the form of processing taxes now proposed is a mere subterfuge, designed to evade the decision of the Supreme Court of the United States.

This is only a small part of the cost, for this plan means that during the next 5 years there will be thrown out of employment one-third of all of the cotton tenant farmers and labor normally engaged in making, gathering, ginning, compressing, warehousing, transporting, and merchandising the cotton crop.

This outlook in itself is appalling enough, but let us look four steps backward and then five steps forward. After 4 years of Government experiments in the shape of "plow-up"; producers' pool; 10-cent loan; 12-cent loan; and now 9-cent loan; all coupled with acreage restrictions and all designed to hold up the price of American cotton in the face of foreign competition, we are now confronted with the following shocking figures:

In 1933 the total of foreign growths was 13,400,000 bales.

In 1936 the total of foreign growths was 18,400,000 bales.

In 1937 the total of foreign growths was 20,000,000 bales (estimated.)

These figures show unmistakably that, in addition to the money cost and the enormous unemployment created by these past experiments, the administration has been holding an umbrella over foreign competitors of American cotton farmers to the extent that foreign competitors have been encouraged and enabled in the short period of 5 years to increase their annual production by more than six and one-half million bales, and to a like extent the foreign markets of our cotton farmers have been handed over to their competitors on a silver platter. What will be the picture after 5 more years of similar experiments?

I do not believe the cotton farmer wants charity but do believe he is entitled to a proper offset to the fact that he must sell the fruits of his labor at world prices and is forced to buy everything he needs at prices which are dominated by organized labor and a high protective tariff.

It is my conviction that if the administration would eliminate further theories and experiments and simply provide the cotton farmer a fair subsidy on 12,000,000 bales per annum, he could be depended upon to work out his own acreage problems, adjust his

exportable surplus to world conditions and his own economic needs, and at the same time retain his proper position in foreign markets. If given a fair break with labor and the tariff here at home, I believe he could meet the challenge of cheap foreign labor in the production of cotton through the offsetting advantages he enjoys in soil, climate, intelligence, experience, seed selection, modern farm implements, and ginning, compressing, warehousing, transportation, and marketing facilities.

In the light of the foregoing I am led to the regretful conclusion that the administration's plan for acreage control means disaster to the agricultural, textile, and industrial interests of the South.

Respectfully yours,

DANIEL BOND.

Mr. BANKHEAD. Mr. President, I repeat the statement I made in answer to the question of the Senator from Oregon. While I have no prepared address, I should prefer not to be interrupted until I finish my general remarks.

The VICE PRESIDENT. The Senator from Alabama does not desire to be interrupted until he completes his statement.

Mr. BANKHEAD. Then I shall be glad to yield to any question any Member of the Senate may desire to submit.

When I first came to the Senate, in December 1931, I introduced a bill along the lines contained in the cotton title of the pending bill. That bill was predicated on the power given Congress in the commerce clause of the Constitution. In December of the next year, 1932, I addressed the Senate twice on the bill, first on December 7, 1932, on the philosophy of the bill and the reasons why it should be passed, and on December 20, 1932, I addressed the Senate at length, at which time considerable discussion took place on the floor regarding the constitutionality of the bill. Any Senators who may be interested in my views upon the constitutional phase of the proposed legislation I respectfully refer to that speech in the CONGRESSIONAL RECORD.

I shall not at this time devote much discussion to the constitutional questions concerning the power of Congress under the commerce clause to regulate, to restrain, and to prohibit the flow of any commodities of agriculture which the Congress may conclude would tend to break down, to destroy, or to affect unduly or burden the flow of interstate or foreign commerce. After referring to the speech I made in 1932, which appears in the CONGRESSIONAL RECORD, I content myself by reading a few fundamental principles which are involved in this program, and the extracts I shall read will be from decisions of the Supreme Court of the United States.

Of course, we are all familiar with the language of the commerce clause of the Constitution, but for ready reference I read it at this time:

The Congress shall have power to regulate commerce with foreign nations, and among the several States, and with the Indian tribes.

Referring to that clause in the Constitution we find that the Supreme Court has made the following declarations, among others:

The power to regulate commerce, like all others vested in Congress, is complete in itself, may be exercised to the utmost extent, and acknowledges no limitations other than are prescribed in the Constitution. If, as has always been understood, the sovereignty of Congress, though limited to specified objects, is plenary as to those objects, the power over commerce with foreign nations and among the several States is vested in Congress as absolutely as it would be in a single government having in its constitution the same restrictions on the exercise of the power as are found in the Constitution of the United States.

The quotation I have just read is from the case of *Gibbons v. Ogden* (9 Wheat. 197, 6 Law Ed. 23), a decision of the Supreme Court of the United States.

In other words, by that declaration the Court states that the power is unlimited, it is as broad as is the power of a single State to deal with a subject over which the State has jurisdiction.

The power to regulate commerce among the several States was granted to Congress in terms as absolute as is the power to regulate commerce with foreign nations.

This was the statement of the Supreme Court in the case of *Pittsburgh Coal Co. v. Bates* (156 U. S. 587), with a long list of cases cited in support of it.

I hope Members of the Senate will realize the scope of that declaration, that there is no distinction in the language in the commerce clause in the Constitution between the power to deal with commerce among the several States and the power to deal with commerce with foreign nations. One is as broad and as unlimited and as unrestrained as the other.

Subject to the limitations imposed by the Constitution, the power of Congress over interstate and international commerce is as full and complete as is the power of any State over its domestic commerce.

Northern Securities Co. v. United States (193 U. S. 342).

Every subject falling within the legitimate sphere of commercial regulation may be partially or wholly excluded when either measure shall be demanded by the safety or by other important interests of the entire Nation. Such exclusion cannot be limited to particular classes or descriptions of commercial subjects; it may embrace manufactures, bullion, coin, or any other thing. The power, once conceded, may operate on any and every subject of commerce to which the legislative discretion may apply it.

United States v. Marigold (N. Y. 1850; 9 How. 566, 13 L. Ed. 257).

The power to regulate commerce is the power to prescribe the rules by which commerce is to be governed.

Gibbons against Ogden, previously cited.

The means necessary or convenient to the exercise of the power of Congress over interstate commerce may have the quality of police regulations.

Hoke v. United States (227 U. S. 308).

The Supreme Court has held that Congress may exercise the police power for the benefit of the public within the field of interstate commerce.

Brooks v. United States (267 U. S. 432-436).

Mr. President, those are general principles upon which I have taken a position for the last 6 years. The Congress undoubtedly has the power under the commerce clause to do what we are proposing to do here in connection with the farm program, and especially with reference to cotton. I am speaking, as I stated before, primarily of cotton. In the committee we have arranged for other Members to deal in this bill with specific subjects with which they are most familiar. I think no one will question the importance of cotton, not only to our interstate commerce but also to our foreign commerce. Provisions are contained in the cotton section of the bill which the able Senator from Vermont [Mr. AUSTIN] stated the other day clearly would bring this legislation under the power given in the commerce clause.

Let me point out, in the first place, so far as foreign commerce is concerned, that since the time the ports of this country were opened as our own ports in 1791, the total balance of trade in favor of the United States has amounted to \$37,360,700,000. What part has cotton, raw and manufactured cotton, played in that result? The exports of raw cotton have amounted to \$31,138,496,000, and cotton manufactures to \$3,876,000,000, making a total of \$35,015,000,000. In other words, cotton, raw and manufactured, is responsible for all our balance of trade since the foundation of our Government except \$2,345,000,000; and but for the movement of cotton in foreign commerce this country, as the result of 150 years of trading with the foreign nations of the world, would have increased its assets by the amount of only \$2,345,000,000 if we had not had cotton to play its part in foreign commerce.

Looking at the matter from the standpoint of domestic commerce between the States, cotton plays a direct part in the movement of goods manufactured from the raw cotton into every State and every county and every little city and village of the United States. Cotton clothes are the clothes of the masses of the people. Therefore cotton moves from the cotton fields of the South through the cotton mills and goes into every community in the United States, thereby adding to the domestic commerce, adding to the transportation, and adding to the labor employed in all the cotton mills in this country. Cotton adds to the welfare and the

comfort of millions of our people by furnishing for them cheap clothing in the form of cotton goods.

Mr. President, from another standpoint cotton, of necessity, directly affects commerce between the States. There is a vast area of our country stretching from southern Virginia across the lower part of the United States and reaching high up into Missouri, to some extent into Illinois, and moving on to the Pacific coast in California; and in a vast part of that area cotton and its manufactured products are the only things that carry money into those areas, with very slight and limited exceptions.

Every day remittances move out of the Cotton Belt into the industrial and financial centers of this country. One can go into the largest department store in the Cotton Belt, and search from the cellar to the roof, and find there but few articles manufactured within the Cotton Belt. The articles for sale in the store have been manufactured in the industrial areas of the country, and go to the merchants in the Cotton Belt. As an illustration of the extent that condition prevails, I shall speak of the Tennessee Coal, Iron & Railroad Co., a subsidiary of the United States Steel Corporation, at Birmingham, which, I think, is without question the largest industrial plant in all the South, producing steel rails and fabricated steel.

Two or three years ago, when I was preparing to address a club in Birmingham, I asked the president of that corporation what percentage of the steel output from that great industrial plant, consisting not only of the manufacturing units but ore mines, coal mines, and limestone developments, was sold outside the Cotton Belt and thereby brought money into the South. To my amazement, he told me that they sold only 15 percent of their entire output outside the Cotton Belt and relied upon consumers in the Cotton Belt, including, of course, railroads located in the South, which are supported by the people of the South, to buy and pay for 85 percent of those heavy durable goods that are manufactured there.

So, Mr. President, a steady stream of money flows out of that section every day to pay not only for the manufactured goods of every kind that our people consume but to pay interest and dividends upon the securities of transportation companies operating there, upon the securities of utility companies operating there, which are owned almost entirely outside the Cotton Belt, in the industrial centers of this country. Money flows out of the Cotton Belt to pay mortgages upon town homes and upon farm homes. That mortgage money, even that of the Federal land banks, is secured in main part by sale of bonds in the financial centers of this country. So that from every conceivable business standpoint cotton directly affects interstate commerce in this country.

Unfortunately, with this great, steady stream of money going out of the South, and what is coming in being largely from cotton, the balance of trade, when we are buying in a protected market and selling in a free market, has been year after year against the cotton producers.

As a result, the difference in the balance of trade from time to time has taken the form of mortgage indebtedness. When we have a break-down in the return flow of money for cotton what happens in that great area of country? With my own eyes I have witnessed the effect. When I was traveling through Alabama in 1931 and 1932, trying to give some word of comfort and cheer to our distressed and financially ruined people, I went into store after store, and found them practically depleted, with scarcely anything upon their shelves; and in the cities on some stores that had been active in a business way before that time there were "For Rent" signs. They were closed down; there was no purchasing power; no money was coming into that area; but still money was demanded of it, and, of necessity, was being sent out. Everywhere home-loan mortgages were being foreclosed not only in the towns but in the rural districts. Still some people seem to have the idea that despite such direct

and widespread effect upon the commerce of that great section, the Congress has not the power to do what we are seeking to have done here.

Consider, Mr. President, the increase in the carloads moving out of the industrial centers of the country into the Cotton Belt when the cotton farmers receive a decent price for their cotton. Consider the difference between the volume of high-class freight of all kinds which moves from the North and the East and other sections that have been supplying the Southern States with their goods. Consider the difference between those shipments in interstate commerce between 1931 and 1932, when cotton was selling at a price around 5 cents a pound, and in 1934 and 1935 and 1936 when the price got up as high as 12 cents a pound.

So I say, Mr. President, there is not only an absolute, imperative reason that for the welfare of the people of that great section they should have a reasonable price for their cotton product, but there is the impelling reason that, in order to assure their operation, the industries of other sections should have a market; that the people throughout the country, outside the Cotton Belt, should have adequate buying power.

Mr. President, that brings us to the question that I have been primarily interested in since my first bill was introduced here in 1931. I have not at any time sought any program for the purpose of having an artificial fixation of the price of cotton except in the days of the direst need and emergency. I have from the beginning had but one objective under this program, and I state it because that objective underlies the cotton section of the pending bill. I have believed from the beginning—and I still strongly believe—that there is but one way to deal with the subject of cotton without very large subsidies being paid, and that is to go to the age-old trade law of supply and demand. If we can make provision for the farmers whereby that law can operate year in and year out so that they can adjust the supply of their cotton year by year to fit the effective buying demand of the market throughout the world for American cotton, then cotton will take its proper place in the world's price structure.

Let us briefly consider that point. We know the effect of the fluctuating size of our cotton crops. Let me lay down a rule, which is not original with me, for it was worked out by the Bureau of Economics of the Department of Agriculture long years ago. It is not a New Deal rule upon which someone not in sympathy with the New Deal may try to throw a cloud, but is a rule of economics made without political consideration or influence. That rule is that a change of 1,000,000 bales in the carry-over of cotton—not in the production, because it is necessary to consider the consumption—at the end of the marketing year results in a change in the price of cotton of approximately 1 cent a pound up or down. The Department some years ago issued a chart—I have not it before me—showing year by year the carry-over of cotton and showing the price. One was represented by a blue line and the other by a red line, and as the supply of cotton went up the price went correspondingly down, and vice versa.

Let me illustrate that by current conditions. Last year we had a carry-over of 6,000,000 bales of cotton. We were getting down to a reasonable and proper application of the law of supply to fit the demand. The average price paid to the farmers was nearly 12½ cents a pound. There were at that time no cotton loans; there was no effort of any sort at price fixation or price pegging. The entire crop moved in the channels of commerce, both domestic and foreign, as it had always done. The price for that supply took its place, as I said, at around 12½ cents a pound farm value. Then what happened? This year we have a crop of 18,000,000 bales and a 6,000,000-bale carry-over, providing a supply of 24,000,000 bales of cotton. We had last year a consumption—we may not have so great a consumption this year—of 13,000,000 bales, both domestic and export. Deducting a 13,000,000-bale consumption from a 24,000,000-bale supply leaves 11,000,000 bales on hand, representing the carry-over on the first of next

August, when the new crop will begin moving into the market. Add 5,000,000 bales to the present carry-over of 6,000,000 bales and there is found to be a carry-over of 11,000,000 bales. What effect did that have on the price? The price was around 12½ cents a pound; it is now around 7½ cents a pound, a reduction of 5 cents from last year's price, brought about by adding 5,000,000 bales to the carry-over. That is not a mere incident during a period of years, but is the ordinary result, interrupted, of course, now and then by unusual conditions, such as depression, or something of that sort. The year before we had a 7,000,000-bale carry-over and the price was 11 cents. We brought the carry-over down 1,000,000 bales, to 6,000,000 bales, and the price went up above 12 cents. There is the illustration again. We will find it throughout. The Bureau of Economics will tell you that that is their old rule. They abandoned it because the Congress passed a law prohibiting them from predicting prices of cotton, but they have not abandoned the view or the findings and conclusions they reached some years ago, that the price varies in that way with the carry-over.

So the carry-over largely fixes the price of cotton; it fluctuates with the carry-over, as it has always done. When the price becomes unreasonably low a small carry-over runs the price up, as it did after 3 years of invasion of the boll weevil from 1921 to 1923, when we got the carry-over down to about 2,000,000 bales. Then the price got to be very high. On the other hand, when the carry-over in 1932 went up to 13,000,000 bales, a year's supply, the price went down to 5 cents a pound, and much of the cotton sold below 5 cents a pound, the average being slightly above 5.

If we recognize that fact, is there anything wrong economically, morally, or under the Constitution, in approaching that subject from a business standpoint? I ask you, Mr. President, why is there any error in judgment, why is there any false statesmanship, where is there any improper diversion from legal principles, if the program qualified under the Constitution, in approaching this subject as the great business industries of this country did many years ago?

The steel corporations, the fertilizer corporations, or the farm-implement producers, regardless of our laws against monopoly, by reason of their small numbers, get together and agree in some way. Certainly the most incredulous would not insist that they do not, when year after year we find identical quotations on the prices of their products. What do they do? Do they continue to operate their plants at full capacity? When sales resistance has appeared, when the purchasing power of their consumers is diminished, do they continue to operate full hours and full days, producing the units of their respective industries and shipping them out into the markets to their agents and wholesalers and retailers for sale at any price they can get for those commodities? Oh, no, my friends. If business ever operated on that basis, it would have gone into bankruptcy many years ago.

On the contrary, business corporations do what we are pleading here today may be done by cotton producers. When they find difficulty in disposing of their output, industrial organizations close down in part either their plants or their operating time. They send into the market only the quantity for which there is a demand at their own prices above the cost of production. Does anyone expect that business practice ever to be abolished in America whether we have an anti-trust law or not, whether we have monopolies or not? No; because every businessman knows, if he is a wise businessman, that he cannot remain in business and continue the sale of his goods at whatever price he can get for them in the market. Still we find a group of theorists and high-class professors and economists and some politicians asserting that it is wrong so to view the struggling hewers of wood and drawers of water out in the fields of America producing the food and clothing for all our people, who say, "Oh, you are proposing to follow the doctrine of scarcity if you do that."

Let the steel corporation reduce its operations to 40 percent and close all its plants down to that extent, throwing their workmen into the streets and into the unemployed

ranks, and there is no criticism. On the other hand, there is commendation for following a wise business course. But the farmers, not adequately vocal, insufficiently organized to demand and get their rights, are treated by too many people with total indifference, with a total disregard of the results. The farmers are not given the same consideration, when we seek to apply the law of supply and demand to their business, even when they want it applied, that we are willing for business to apply to itself.

Mr. President, this is not a new principle to be considered by the Senate. In 1934 we had before us three bills along the line of the principles contained in the cotton provisions of the pending bill, the only difference being in the matter of individual farm allotment. We had a bill for cotton commonly known as the Bankhead Cotton Act, of which my brother and I were the authors. We had the Smith-Kerr Tobacco Act, of which the chairman of the Senate Committee on Agriculture and Forestry was a joint author and which he sponsored in the Senate. We had the Potato Control Act which was passed by both branches of Congress, but not put into operation. Accordingly, in the matter of direct effective control of the supply of agricultural commodities, we are not traveling a new road. Not only that, but we are traveling one which the farmers themselves want us to travel.

The demand for the original Cotton Act came from the cotton rows of the South. Congress passed it because Members of this body and Members of the House of Representatives found behind them an almost solid phalanx of cotton farmers insisting that some machinery be given them by which they themselves could control the supply of cotton.

I take it that the tobacco producers, as well as the potato producers, acted in the same way. I remember seeing on the other side of this Chamber, when the potato bill came before us for consideration, Senators intensely interested in its passage who had vigorously opposed the passage of the cotton bill on account of the principle of control contained in it. This shows that when the interests of one's own community are involved he is more inclined to disregard hair-splitting theories and technicalities and to go directly to the solution of the problem of giving relief to our people.

I may say at this point to the Senator from Michigan [Mr. VANDENBERG] that I was slightly in error about the number who had applied for cotton exemptions under the Bankhead Act. The contracts under the A. A. A. for 1934 were 1,400,515 and applications for allotments, instead of 2,300,000 as I stated from recollection, were 1,473,062. The number who voted was slightly more than these figures would indicate. The Department stated that these figures did not include all the units upon the farms, such as the farmer with two boys, who in such cases was counted as one unit, and that, in the judgment of the Department, there were not more than, if as many as, 2,000,000 eligible to vote. They got a vote of at least three-fourths of all who were eligible, certainly, and a higher percentage than we have ever gotten in the States in an election, and certainly a more unanimous attitude upon the part of the 1,500,000 who went to the polls and voted than was ever before shown by a similar number upon any other subject.

In my own State of Alabama, though it may surprise the Senator from Michigan to learn it, from 35 to 40 percent of the people are Republicans, many of them in my own county. A similar condition prevails in many of the Southern States; so it would be entirely impossible, on any kind of public question, to get a vote of approximately 9 to 1 as we had on the cotton bill. This unanimity is absolutely astonishing and ought to be highly persuasive.

In the vote on the continuation of the compulsory control of tobacco the percentage was even higher, considerably higher than was the percentage in the case of cotton. The figure was 96 percent or in that immediate neighborhood. The tobacco vote was cast, however, upon the basis of acreage and not upon the basis of manpower units. The number of acres customarily engaged in the production of tobacco was

1,812,877; acreage voting, 1,667,518; percentage voting "yes," 96.6 percent.

So there is your answer, my friends, to the attitude of the two groups of farmers who had compulsory control in 1931. Notwithstanding all the irritations brought about by the delay in putting these programs into effect; notwithstanding so far as cotton is concerned the unfortunate basis of allotments adopted by the administration—against, I will say, my protest from the beginning—notwithstanding those things, as a result of its operation, as a result of bringing the price, even with 11,000,000 bales carry-over, or more, then, up to 10 cents a pound, as a result of replenishing the almost depleted fortunes of our southern cotton people, of renewing business with the merchants, of salvaging the banks, when it came time to go to the polls in a wide-open, secret election, you have the figures here showing that after a year's trial in the case of both of these commodities there was an overwhelming vote for the continuance of the program for another year.

My friends, is not the voice of the farmers to be heard? Is this a democratic form of government? We have heard the voice of organized labor in this body on account of their efficient and effective organization. When they came here for the passage of numerous laws—among them, the Wagner Labor Relations Act—did Senators stand up here and say, "You are putting compulsion upon a minority?" That is what some of them are now saying. One Senator used as strong language as that this is a Russian or an Italian program. What did this body say, what did the other House say, when it came to the question of a majority only—not a two-thirds vote—a majority of labor working for an employer deciding who should represent them in all negotiations with the employer?

They voted that a majority could do that, and a minority, whether pleased or not, would have nothing to do with the negotiations looking to determining their own pay and their own working hours.

I voted for that bill. Most of you voted for it. But now technical Senators and theorists, and men who do not have the welfare of the farmers at heart, as I think they ought to have, come here and say, "Oh, it is a drastic program to let two-thirds of the cotton producers vote upon a subject within their own sphere of action, which deals solely with their own line of business activity, and put compulsion upon the remaining one-third."

My friends, the subject of the submission of minorities in a democratic form of government is not a new one. I have just cited the Wagner Labor Relations Act. In the beginning of our Government we established the doctrine of eminent domain, under which property could be taken for the Government's needs regardless of the attitude of the individual. That doctrine has been extended to many industries, such as the railroads, the communication companies, the mining companies. They have been given, in the public interest, the right to take property to build their lines—railroad, tramcar, and transmission lines—on top of the ground and under the ground. In other words, it is a submission to economic progress in this great country.

What about street improvements? I remember, when I was a young fellow—some of the other Senators do, I reckon, because the street-paving program is not very many years old, certainly in the smaller cities—I remember, when the first street-paving program came along, how vigorously some men protested, "I have a right to do as I please with my own property. The majority have no right to force me to pave the street in front of my property and to pay for it." But, my friends, along with this moving tide of progress, that sort of protest has been entirely swept away.

I know a man in my own town who bitterly resisted the enforcement of a law which required every citizen to connect his property with the sewerage system on the same ground—that he had a right to do as he pleased with his own property and no majority had a right to control him.

We passed vaccination laws which are compulsory on individuals, we passed quarantine laws which are similarly compulsory, because it was in the public interest to require a minority to submit to a program intended to promote the general interest and the general welfare. We even passed tick-eradication measures against very vigorous resistance all through the South.

So, my friends, as I stated, we passed here three bills along this line. In 1934 they went out, not because the farmers wanted them to go out, but because the Supreme Court, in broad language, condemned the power of Congress to do anything for agriculture as the Constitution was interpreted at that time. Now, we have in this bill provision for a referendum. This program is not to be put into operation unless two-thirds of the farmers want it.

If any one wishes to know about that, if any one has not read the bill, let me explain what it covers with reference to cotton.

We proceed on the theory that a reasonable carry-over protects the price of cotton, and that if in some stabilized way we can maintain the size of that carry-over we shall at the same time stabilize the price of cotton. That is the simple business proposition upon which the bill is based—adjustment of the supply to avoid such fluctuations as we now have, distressing, destructive of property interests, threatening foreclosures all over the South, threatening the solvency of merchants who advance credit, ruinous to trade and commerce. If we can find some reasonable way that is approved by the farmers, and that they really want, to avoid that situation, why should we not do it?

I will say to my friend from Tennessee [Mr. McKellar]—who is the farmer's friend, and I know it; his friendship for the farmer has been manifested on many occasions—that the farmer is the only member of a major group in America who has no sort of power to budget his income. The laborer, the carpenter, the mechanic of any sort, even the plain laborer, the workers in industry, know about what they are going to get at the end of the month, or every 2 weeks, and what their income will amount to when the end of the year comes, assuming steady employment.

They know how to pitch their expenditures to balance reasonably with an income that they have every reason to expect to continue to come. The salaried man knows what he will receive at the end of the month or the end of the year. We, here in this body, know about how to pitch our expenditures. The fortunate men and women who live by clipping coupons know how to finance themselves and not get into difficulty. But here is a farmer. In the first place, he has to take chances upon the shifts and changes in the weather. He has to consider droughts and floods and insects. More than that, he has to consider price-depressing surpluses when the end of the year comes. He now has no control over what all the other farmers producing his commodity are going to do. He has no way to know how many bales of cotton, for instance, will be produced. He knows about what he will get for his cotton if he knows the size of the crop, assuming no great disturbance in consumption. But, my friends, he must go along blindly from the fall—the only time he has a pay day—through the winter and the spring and the summer, without any sort of idea about how much money he will have to pay for the education and clothing of his children, for the acquisition of new farm equipment, for improvements upon his farm. He cannot know under our present system. He cannot even estimate it. As has been often said, he is the greatest gambler—not by desire, but from necessity—in all the business fabric of this or any other country.

He cannot avoid that situation, which may give him a good price, or, on the other hand, may reduce him to bankruptcy. It is entirely beyond his control.

We hear it asked, why do they not agree? Why do they not have voluntary cooperation? Senators must recognize the practical situation. There are 2,000,000 cotton farmers in the United States scattered from the State of my friend

the Senator from Virginia [Mr. Byrd], who sits before me, clear across the continent. Many of them are white men, many of them colored men. Many of them own their own farms, many of them are tenants and sharecroppers. Many of them are in debt, with mortgages upon their farms, with mortgages on their crops held by merchants, who make advances to them. With the farmers scattered over 3,000 miles of territory, with the great difference in intelligence and financial and moral responsibility among them which must necessarily exist, how can any effective cooperation reasonably be expected?

I know there have been attempts to secure cooperation for 40 years, at least, because when I was a boy I went with my father, who was then a member of the House of Representatives, to a meeting of farmers in the old home county of Fayette. The farmers who attended that meeting had in mind some program to be put into operation throughout the Cotton Belt designed to reduce the next year's crop. At that meeting they agreed, as I suppose the farmers did at all the meetings, but it became common talk that many of those who were there agreeing hurried home to make plans to put in a little more cotton while the other boys were reducing. At any rate there was no reduction, though the attempt to secure reduction was made time and again. Under the cotton program contemplated by the pending bill we propose to give the farmers self-administering machinery so that nothing will be done unless two-thirds of them want to do it.

There is no doubt about the attitude of the cotton farmers upon this subject. We not only have the evidence of the vote for the continuance of the Bankhead Cotton Act, but the subcommittee of the Senate Committee on Agriculture and Forestry moved from North Carolina to South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas, Oklahoma, and Tennessee, with very largely attended meetings of representative citizens throughout those States. Two representatives from the Department of Agriculture went along with the subcommittee—I presume to get the atmosphere—and we all returned to Washington unanimously of the opinion, from the best evidence we could get from the representations made to us at all the meetings, that more than 90 percent of the cotton farmers wanted a definite, effective control law; and, as it was expressed here and there all over the area visited, they wanted such a law with teeth in it. That was a common expression. They wanted to make it binding, wanted to make it effective, not only upon the cooperators but upon everybody else.

Consider my own State of Alabama, for illustration. The chairman of our subcommittee requested the State commissioners everywhere to arrange a program. They were to select the best people who could be gotten together. They prepared a program which enabled us to get the opinion of the farmers. They were themselves divided about it. But in Alabama our State director joined with the State commissioner of agriculture and called mass meetings in every county in Alabama for the purpose of enabling the farmers to express their viewpoint for the benefit of the cotton subcommittee then on its way there.

A questionnaire was prepared, and the first question on it was, "Do you favor compulsory control of cotton by Federal legislation? Answer yes or no." That questionnaire was mimeographed and sent all over the State. An effort was made to get the views of the farmers. When they went to vote these questionnaires were mimeographed and scattered in the audiences. Each man remained at his seat and filled out the questionnaire as he would his ballot at an election, a secret ballot. When the ballots were assembled the State statistician at Montgomery, the State director, and the State commissioner of agriculture reported jointly to the committee that the vote stood 96 percent in favor of compulsory control under Federal legislation, a decision reached without propaganda, without organization, without speeches. I did not make a speech in the State from the time I left Washington until I came back. If the voters of one State, whose interests are exactly the same as those of farmer groups in

other States, vote of their own accord and out of their own experience with that sort of unanimity, it can naturally be expected that there is the same sort of sentiment elsewhere.

My friend the senior Senator from Tennessee [Mr. McKellar] is doing me the honor to listen to my remarks, and I may say to him that we missed him when he visited Tennessee, but we knew that he was unavoidably absent. When we visited Memphis there was a meeting across the hall from where our committee held its sessions at the hotel. It was a largely attended meeting, eight or nine hundred people being present, I was told, from the Farm Bureau Federation throughout the State. I was invited to go across the hall and hear Mr. Oscar Johnson address that meeting.

Senators may recall that Johnson was the cotton representative of the Department of Agriculture for a number of years, a very able man, probably the largest cotton farmer in the United States, a man who came here 3 years ago when the Bankhead Cotton Act was being considered, and went before the committee and vigorously opposed it, to my very great disturbance.

I went across the hall to hear him, and I never heard a stronger argument for compulsory control of cotton than Oscar Johnson made there that day, much to my surprise. I certainly have very great respect for the man's ability, as everyone who knows him has. Because of our experiences, because of the successful operation, from a financial standpoint, of the Bankhead Cotton Act, we find Oscar Johnson today urging and speaking for the principle involved in the cotton title of the pending bill.

I started to say to the Senator from Tennessee that I was invited to go over to hear Mr. Johnson's speech. I went across the hall, but I did not have time to speak. I merely expressed my pleasure at being there, and then stated that if the chairman had no objection I was going to ask one favor; that we were trying to find out primarily what the cotton farmers wanted, and I said:

I want an expression from this meeting, and I want an understanding about what is going to be voted on. I am going to ask you to vote on whether you favor compulsory control of the production and marketing of cotton, or whether you want some domestic allotment or other program.

I said:

Now, understand what you are voting on. Let all who are in favor of compulsory control stand up.

It was unanimously agreed there that 95 percent of that audience, eight or nine hundred people interested in farming from all over Tennessee, stood up under that direct challenge.

I mention these facts to show that we do not know what is in the farmers' mind unless we get out among them. I have found that many of them know more about their problems than do we in Washington. I have found that many of them are in advance of us in their thinking, because they have gone through the fiery furnace of sad experiences.

During the prewar period, when there was a parity price for cotton, there was an average carry-over of 3,200,000 bales. With that carry-over we had a parity price for cotton. I have often thought, why risk increasing that carry-over when we know the results we got with that reasonable supply? But here we have agreed to make a carry-over of 35 percent, which makes nearly 5,000,000 bales of cotton to take care of emergencies, droughts, or anything of that sort, and I say now that, as every one familiar with cotton knows, in all the history of this country except during the Civil War there has never been a shortage of cotton.

Mr. GEORGE. Mr. President, would it disturb the Senator for me to ask him a question at this point?

The PRESIDING OFFICER (Mr. Bilbo in the chair). Does the Senator from Alabama yield to the Senator from Georgia?

Mr. BANKHEAD. I am glad to yield.

Mr. GEORGE. I believe that under the scheme of the bill, and under the facts applicable, approximately 13,000,000 bales represent the average annual consumption of cotton.

Mr. BANKHEAD. That is true, over a period of 10 years. Mr. GEORGE. And that the bill provides for a 35-percent carry-over?

Mr. BANKHEAD. That is correct.

Mr. GEORGE. As the normal carry-over?

Mr. BANKHEAD. Thirty-five percent of the amount consumed, based on the 10-year average.

Mr. GEORGE. Which, as a matter of fact, would be 35 percent of approximately 13,000,000 bales of cotton?

Mr. BANKHEAD. That is correct; which will amount to somewhere between four and a half million and 5,000,000 bales, as against a 3,000,000-bale carry-over, as I stated, during the pre-war period.

Mr. GEORGE. I ask the Senator from Alabama, who has given a great deal of thought to the whole cotton problem, what our carry-over was in 1932 and 1933, when we began legislating to restrict cotton acreage?

Mr. BANKHEAD. In 1932 our carry-over was 12,960,000 bales.

Mr. GEORGE. What is it anticipated that our carry-over will be at the end of the present year?

Mr. BANKHEAD. Mr. President, unfortunately it cannot be less than 11,000,000 bales; and with the present rate of consumption, which is less than it was last year, it will probably be 12,000,000 bales.

Mr. GEORGE. So we now face, so far as cotton is concerned, substantially the same conditions that we faced in 1932?

Mr. BANKHEAD. Yes. Such a condition would carry us down below 5 cents per pound for cotton.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. McKELLAR. Under this bill, what does the Senator figure will be the compulsory limitation placed on the size of the crop?

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield to the Senator from Oregon.

Mr. McNARY. A few moments ago I complained that we could not hear the discussion which was taking place on the other side of the Chamber. I also wish to say that I understood that the Senator from Alabama was not going to yield until he had completed his statement.

Mr. BANKHEAD. Mr. President, I am approaching the end of my statement. I had completed my general statement in connection with the bill and had gotten down to a discussion of the details of the bill.

The Senator from Tennessee [Mr. McKellar] has asked me what reduction will be required under the provisions of the bill.

Mr. McKELLAR. What the limitation of production will be.

Mr. BANKHEAD. Yes; the size of the production, which relates directly to the next year's carry-over. The fact is that we do not need any cotton production at all. We shall have practically enough cotton next August to supply another year's consumption without producing a stalk of cotton next year. If consumption this year goes off from 13,000,000 bales to 12,000,000 bales, we shall not need to produce any cotton next year. We shall then have 12,000,000 bales, and that will be the year's consumption. Of course, that will be too close a margin. Nobody wants to figure on that basis. There is a provision in the bill that the production shall not be reduced below 10,000,000 bales in any year. That figure is too high, but some desire to be liberal in connection with it. That will not reduce our carry-over quickly enough.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. McNARY. I observe in the bill upon which hearings were held throughout the country by a subcommittee, of which the Senator from Alabama is a member, a provision for an ever-normal granary in respect to cotton. In reading the bill now before us, as it refers to cotton, I do not find a provision as respects an ever-normal granary.

Mr. BANKHEAD. Of course, cotton is not grain, and the reasons that prompted the sponsors of the bill to make provision for an ever-normal granary did not apply to cotton. As I stated, cotton is not food, such as the contents of a granary are. In the next place, we never have had a shortage of cotton. If we have had bad weather in one part of the Cotton Belt, it has seemed as though Providence was taking care of us in the other parts of the Cotton Belt. We never have had bad weather all the way from Virginia to California at the same time.

Mr. McNARY. In the bill on which studies were held by the subcommittee of the Senate Committee on Agriculture and Forestry, an ever-normal granary—which means simply a storehouse provided by the Secretary of Agriculture, one that he would recommend as being fit for storage—is applicable to cotton as well as to corn. In the bill we now have had introduced, which was prepared on a Sunday, the ever-normal-granary provision or the elevator provision is omitted. Does the Senator believe there was a change in sentiment in the subcommittee on Sunday, so that the ever-normal granary application to cotton was omitted?

Mr. BANKHEAD. I do not think the statement of the Senator from Oregon represents the fact.

Mr. McNARY. Will the Senator state the fact?

Mr. BANKHEAD. I shall be glad to do so. I do not know whether or not the Senator from Oregon was present at the meeting on Sunday; but if he read the bill before that time he should know that the first printed copy of the bill, printed before Sunday, contained substantially the same provision that is in the bill now with reference to cotton. There has been no change from beginning to end with reference to cotton. The cotton program was not prepared on Sunday, as the Senator has stated. It was prepared in substance before the special session assembled. It was prepared before Congress met, and only one or two small phases of it have since been changed. So it is not fair for the Senator from Oregon to intimate that this important subject was thrown together on the Sunday before the bill was reported. It is the one part of the bill which has had a constant history, and which has been held to steadily by the cotton representatives for the past 6 years.

Mr. McNARY. The Senator from Oregon knows what happened up to the reconvening of the Congress. He knows that in the bill which was studied by the subcommittee the total supply and the normal supply and the ever-normal-granary provision applied to cotton. I have no quarrel about what was done with it. The Senator from Oregon knows, however, that when the bill was presented to the Senate committee it contained that provision. He also knows that when the bill was reported out, the provision with respect to the ever-normal granary for cotton was omitted. I am not quarreling with that. I do not want the Senator to take the attitude that I am quarreling about it.

Mr. BANKHEAD. I understand that, Mr. President, and I am not angry about the matter.

Mr. McNARY. I simply made the inquiry in an effort to obtain information. The inquiry is not intended to be an offensive one.

Mr. BANKHEAD. I do not take it in that way.

Mr. McNARY. The inquiry was made for the purpose of debate. For myself, I doubt if the ever-normal-granary provision would apply in a practical way to cotton. I congratulate the Senator on removing that provision after studying the bill. Indeed, I do not think it would apply to wheat. I shall try to demonstrate that it does not.

Mr. BANKHEAD. I should like to say to the Senator that the larger the export is, the less does the granary principle apply to the commodity figures. We have had such a large export of cotton that we knew the granary provision did not apply to cotton. We now have an unusual supply, 35 percent of the normal 10-year-average consumption. That is certainly a larger amount than we ought to have under the trade laws of supply and demand, having in mind the effect that the sale of 1,000,000 bales at a reduction of 1 cent a

pound has on the price of the balance. But recognizing the inclination and disposition on the part of those who are sponsoring the agricultural measure—they wanted larger carry-overs for the protection of consumers—we have increased the carry-over to around a million and a half bales more than we had during the pre-war period, when we had parity prices.

Mr. McNARY. When the total supply, the carry-over and the production of the normal current supply are taken into consideration, I think it will be found that there is enough cotton on hand to meet all foreign and domestic needs. Indeed, I think there will be so much cotton on hand that it will depress the price, and the cotton producers will have to curtail their acreage.

A few moments ago I was interested in the Senator's language when he said that those who opposed the compulsory provisions of the bill were not looking after the welfare of the farmer.

Mr. BANKHEAD. I think the Senator is in error in that respect. If I said that, I did not mean it. I think the Senator misunderstood what I said.

Mr. McNARY. I made a notation in lead pencil of what the Senator said, and that was my understanding of what he said.

Mr. BANKHEAD. I do not mean to impugn anyone's motives. If, in anything I said, I did impugn anyone's motives, I withdraw the statement, because I did not have that in mind.

Mr. McNARY. Mr. President, I feel that I have made some contribution to farm legislation. I think the great farmers' unions which have opposed this bill have also had in mind the welfare of the farmer.

I have here, if the Senator will bear with me for a moment, a statement by the National Grange at its seventy-first annual session at Harrisburg on November 18, 1937, as follows:

Continue the soil-conservation program to help the farmer improve his land and diversify his crops, but not as a means toward production control.

The following statement was also made at that time:

Permit no legislation to be enacted that will result in either immediate or eventual regimentation of the American farmer.

Those organizations are opposing this legislation.

Mr. BANKHEAD. I wanted to appeal to the Senator to refrain from making an argument. I did not yield to the Senator for that purpose. I yielded for a question.

Mr. McNARY. I wanted to make the statement at this time because I thought the Senator felt that anyone who opposed the bill—or, rather, the compulsory feature of it—was not interested in the welfare of the farmer.

Mr. BANKHEAD. I intended to say, and I believe I said, that Senators sometimes seem to be intensely interested when legislation affecting one group of people is before the Senate, but do not have the same degree of interest when legislation affecting the farmers is before the Senate. I said that, Mr. President, and I stand by that statement.

Mr. McNARY. For that reason I wanted to have the Senator have an opportunity to correct the statement as it applies to me.

Mr. BANKHEAD. I am not talking about the Senator from Oregon.

Mr. President, I do not want any discussion of the bill by other Senators at this time in my time. I am willing to yield, which is the usual rule, so that the Senator may ask questions, from now on. The Senator is sensitive about what I said. I have already indicated that I did not intend any reflection on him. I really think the Senator has been very active in the interest of the farmer. I think his judgment has been bad at times, but I think his motives are of the highest kind. I think the Senator is active and diligent.

Mr. McNARY. I was not seeking a eulogy at the hands of the Senator, although I appreciate it, but will let my record here stand upon its own footing. I simply wanted to put in the RECORD a statement of the National Grange and

of the Farmers' Union in support of my observation that we are all interested in the farmers' welfare, whether or not we agree with the Senator.

Mr. BYRNES. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. BANKHEAD. I yield.

Mr. BYRNES. Before the Senator concludes, will he discuss the effect of compulsory control upon the development abroad of the production of cotton and wheat? I know the Senator has made a study of that question.

Mr. BANKHEAD. I will be very glad to go into that, although it is rather a large subject. I had thought before the debate was over I would take substantial time on it.

Mr. JOHNSON of California. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from California?

Mr. BANKHEAD. I should like first to answer the question of the Senator from South Carolina; then I will yield.

Mr. JOHNSON of California. I merely desire to ask a question for information.

Mr. BANKHEAD. I shall yield to the Senator as soon as I respond to the inquiry of the Senator from South Carolina.

Mr. President, in response to the inquiry of the Senator from South Carolina, it is, of course, true that exports of American cotton during the past 3 years have substantially decreased, the decrease being something over 2,000,000 bales. If there are those who think that that decrease was due to our control program, I wish to ask them what brought about the reduction during the same period in the exports of practically all American agricultural commodities, and also industrial commodities, because our total exports decreased from over \$4,000,000,000 a year to around \$2,000,000,000 a year? I get these figures from Agricultural Statistics for 1937. On page 337 I find that agricultural exports from this country prior to 1929 amounted approximately to \$2,000,000,000 a year, the average being a little below \$2,000,000,000 a year. In 1931 such exports dropped to \$752,000,000; in 1932 to \$589,000,000, and they have remained at about that figure, \$600,000,000 or \$700,000,000, since that time, representing more than a 50-cent decrease in the volume of agricultural exports.

Let us consider a few individual commodities. I find listed here butter, cheese, milk, condensed and evaporated, and eggs in the shell. The exports of all those commodities have decreased since 1929 more than 50 percent. The exports of milk, condensed and evaporated, declined from 111,000 pounds in 1929 to 28,000 pounds in 1935.

I find that the exports of barley, including flour and malt, have decreased more than 50 percent since 1929. The exports of rye have decreased from around 2,600,000 bushels in 1929 to 21,000 in 1934, and none since then. They have gone, disappeared.

The exports of wheat, including flour, averaged 179,000,000 bushels on an average for the 10 years prior to 1929, and declined last year to 15,929,000 bushels—a decrease from 179,000,000 bushels to 16,000,000 bushels, we will say—and for the last 4 years, 1932, 1933, 1934, and 1935, the total exports compared with the 179,000,000 bushels for the 10-year period mentioned, dropped to about 35,000,000 bushels.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. JOHNSON of Colorado. Does the Senator believe that there should be one price abroad and another price for home consumption?

Mr. BANKHEAD. I do not.

Mr. JOHNSON of Colorado. The Senator thinks the price should be the same for export and for the domestic trade?

Mr. BANKHEAD. It is impossible to have a different price in the case of cotton for too much of it has to be sold in the world market. I believe in one price. I do not think we can sell cotton abroad and hereafter export a single item

of manufactured cotton goods in this country if we sell cotton to the foreign mills cheaper than to our own domestic mills. In that event the domestic mills could not compete with the foreign mills in any foreign market.

Mr. JOHNSON of Colorado. Do the statistics which the Senator has show anything that would indicate there is a greater demand when the price is lower and that there is also greater consumption?

Mr. BANKHEAD. Yes; the price has some influence, but a very minor one. I requested information from the Bureau of Foreign and Domestic Commerce. I wrote that Bureau a letter before I came here asking the reasons for the reduction in cotton exports to the four principal customers that we always had for cotton, namely, the United Kingdom, Germany, France, and Italy. There has been no decrease in exports to Japan; there has been an increase in exports to that country; therefore, I did not ask about Japan. I am going to take advantage of the opportunity, because this is an important phase of this problem, at least to many people of the South, to read the reply from the Bureau:

The decline in imports of American cotton by the United Kingdom, Germany, France, and Italy during the past 3 years as compared with the preceding decade does not represent altogether a shift to other cotton. The increased takings of other cotton compensated only a portion of the loss suffered by American cotton. On the whole, the smaller imports of American cotton in these countries were part of a decrease in imports of cotton in general for a number of reasons.

In other words, their consumption has gone off, and the decrease in the cotton exports is a part of that program and the result of the smaller consumption of cotton in those four countries.

One of these was the loss in the export trade of cotton goods, which was heavy in the case of the United Kingdom and Italy, and considerable for Germany and France. Another important reason was the campaign of economic self-sufficiency in Germany and Italy, where importation of foreign goods has been discouraged as far as possible, with cotton among the principal sufferers. A third reason was the greatly increased use of other fibers. Another factor to be taken in consideration is that the United Kingdom and continental countries during the past 3 years drew upon the supplies of American cotton in their local warehouses, and stocks of American cotton in these countries decreased during this period by about a million bales, so that the actual takings of American cotton were larger than indicated by the import figures.

Let me further develop that thought. During 1931 and 1932, when cotton was very low, a great deal of it being sold below 5 cents a pound, some foreign countries, including those in the East, snapped up at those prices a quantity of American cotton in excess of their usual needs. That did not help us any, because they did not consume any more. They simply had the extra supply in their warehouses at a cheap price. The figures are available both as to exports to those countries and the consumption within them. During that low-price period they imported 1,500,000 bales more than they consumed. In other words, they bought it cheap and held it. Then, of course, after they had used their normal stocks they had, without buying any further cotton, 1,500,000 bales in their warehouses. They took that out and used it and in that way, as indicated, decreased their purchases or imports of American cotton by the same amount.

Insofar as American cotton was replaced by other cotton it may be ascribed chiefly to difficulties in connection with making payments in foreign exchange in Germany and Italy; to the more limited free supply of American cotton during the past 3 years as compared with that of former years, accompanied simultaneously by a considerably more liberal supply of other cotton resulting from the larger crops in Brazil and some other foreign countries. While, considered as a whole, perhaps it cannot be said that there was an actual shortage of American cotton for foreign consumption, the free supply of particular grades and staples in American cotton was not so plentiful as heretofore, and, in the interplay of economic forces in the European cotton markets, the larger supply of other than American cotton gave that cotton some advantage either in price or in ready availability over American cotton.

Statistical material showing imports of American and other cotton for the countries in question and a more detailed discussion by countries is attached.

The attached statistical table shows that imports of American cotton increased between 1920 and 1930 in Germany, France, and Italy, and decreased somewhat in the United States.

That is prior to 1930, before we had any control.

From 1930 to 1933 imports of American cotton declined in all four countries and a heavier reduction in imports has taken place since 1933.

That is, as I said, before we had any crop control.

The volume of raw-cotton imports is greatly affected by the domestic demand and existing stocks of cotton goods in the various countries for which there is no satisfactory information and it is therefore not altogether possible to trace all the causes underlying the annual changes in the cotton imports. The important changes, however, took place in the last 3 years, and in order to facilitate such deductions as may be made from the available data the latter have been summarized in table 5 to show what took place between the 3 years 1934 to 1936 and the preceding decade.

Let me turn to table 5 because it is very interesting. It appears from this table that the 10-year average of imports of the United Kingdom, Germany, France, and Italy, of American cotton was 4,757,000 bales. During the last 3 years this amount has been decreased to 2,723,000 bales. During the same 10-year period the imports from all countries were 7,319,000 bales and for the 3-year period were 6,042,000 bales, a reduction of 1,277,000 bales. While we lost nearly 2,000,000 bales, the increase from foreign countries was only 757,000 bales.

I shall not read the remainder of this communication and the tables accompanying it, but ask unanimous consent to have it inserted in the Record at the conclusion of my remarks. It is very interesting and I am sure Senators will derive much valuable information from it.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. BANKHEAD. The table to which I have just referred shows that during that period there was a development of substitutes in the form of rayon and staple fiber equivalent to a displacement of 770,000 bales of cotton. That was, of course, prior to the program of control. We were not only disturbed by substitutes, from Italy and Germany especially, but we have had a very greatly increased volume of substitutes in our own country not only in the form of rayon, but unfortunately in the form of jute imports. I shall discuss that subject later.

Mr. VANDENBERG. In the form of what?

Mr. BANKHEAD. In the form of jute. India always has been a large producer of cotton. Her production is close to 5,000,000 bales. Her cotton has a staple and fiber inferior to ours. Her price is usually 80 percent of the American price. India is sending into our country free—and I hope the Senator from Michigan will think about this from the American viewpoint—a quantity of jute which displaces annually 1,700,000 bales of cotton.

Mr. VANDENBERG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Michigan?

Mr. BANKHEAD. Certainly.

Mr. VANDENBERG. I shall be happy to join with the Senator in a plan of restriction against any competitive farm commodity which reduces the American farmer's income or interferes with his domestic market.

Mr. BANKHEAD. The Senator makes me very happy by saying that, because if we could have our market restored it would be the best thing that could happen to the American cotton farmer, as well as the other farmers.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BANKHEAD. Certainly.

Mr. BYRNES. The Senator will agree with my statement that jute is imported as a wrapper for American cotton. In the Congress through the years the argument has been made that if we should wrap American cotton in cotton bagging and ship it abroad, it would not be acceptable to the purchasers abroad. Two years ago, on a visit, I found that in China cotton was being wrapped in cotton bagging, showing a little better appreciation of what cotton can do and how it should be used—a better appreciation than has been shown by the American people.

Mr. BANKHEAD. Following out the statement of the Senator from South Carolina a little further, while I do not want to get into the political party aspects of the situation, I think we all recognize, generally speaking, that the decline in our exports, both of manufactured commodities and agricultural commodities, all up and down the line, has been due in large part to the effect of the great world-wide depression on international trade relations.

Mr. McNARY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Oregon?

Mr. BANKHEAD. I yield.

Mr. McNARY. I am always impressed by what the Senator states in relation to this subject matter. Inasmuch as he has been giving figures with regard to imports and exports, may I submit for his observation and analysis some figures which I have?

Mr. BANKHEAD. Yes.

Mr. McNARY. I read them not from a Government report but from a pamphlet issued and prepared by the American Cotton Shippers' Association.

Mr. BANKHEAD. Of course, they are hostile. The Senator understands the motives behind the hostility.

Mr. McNARY. I want to know if their figures are correct. I am not going to enter into an argument about them. I may say, in relation to this document, that I spoke to the Senator from Tennessee [Mr. McKellar] about it. This organization's home offices or headquarters are in Memphis, Tenn. He said they are a splendid organization. I know nothing of them. I merely want to know if the figures are correct.

In 1932-33, according to this pamphlet, foreign countries imported from the United States 7,861,000 bales of cotton. That was the beginning of the A. A. A.

Mr. BANKHEAD. What year was that?

Mr. McNARY. I want these figures verified, if possible.

Mr. BANKHEAD. I shall be very glad to give the Senator all the information I can.

Mr. McNARY. In 1932-33 foreign countries imported from the United States 7,861,000 bales of cotton.

Mr. BANKHEAD. Does the Senator mean for 1 year or 2 years?

Mr. McNARY. The cotton-crop year 1932-33. We always understand the overlap. In 1933-34, in round figures, 6,000,000 bales were imported by foreign countries from the United States.

Mr. BANKHEAD. Will the Senator give those figures again?

Mr. McNARY. Beginning in 1932-33, the crop season, which is always an overlap of the calendar year, foreign countries imported from the United States 7,800,000 bales of cotton.

Mr. BANKHEAD. Is that for 1932-33?

Mr. McNARY. Yes; the crop year. In the crop year 1933-34 foreign countries imported from the United States 6,300,000 bales.

Mr. BANKHEAD. The figures do not correspond with the table I have.

Mr. McNARY. Let me finish giving these figures. In the crop year 1934-35 they imported 6,000,000 bales. I am giving only the round numbers. In 1936-37 they imported 4,455,000 bales, and in 1937-38, 3,000,000 bales. If these figures are correct it would indicate that from 1933 to 1938 there has been a decrease of nearly 5,000,000 bales, a very considerable percentage. I find that the foreign production of cotton in 1932-33, in round numbers, was 10,000,000 bales, and in a period of 5 years it had reached 20,000,000 bales.

I do not want to rely on these figures if they are inaccurate.

Mr. BANKHEAD. I have the Department's figures before me and they do not correspond with the figures the Senator has given.

Mr. McNARY. Do they vary very widely?

Mr. BANKHEAD. There is considerable variation. The Senator gave the exports for 1936 at below 4,000,000 bales.

Mr. McNARY. No; I said 4,455,000 bales.

Mr. BANKHEAD. I think the Senator's figure is about 1,000,000 bales out of the way.

Mr. McNARY. I should like to propound a further question to the Senator, for, as an American citizen interested in every section of the country, having had ancestors in the South, I do not want to see the South suffer an economic loss from the actual destruction of the cotton crops so far as they relate to foreign demand and consumption.

If we carry these figures, which are very, very impressive, down to the logical point, they lead to the conclusion that we shall soon lose our export market for cotton—

Mr. BANKHEAD. What about wheat?

Mr. McNARY. Just let me finish this statement, please—and we shall also find the foreign acreage increasing to the point at which there will be no demand for our surplus cotton.

Mr. BANKHEAD. What about wheat?

Mr. McNARY. Will the Senator be kind enough to give me his view upon that subject? Then I will give the Senator my view on wheat.

Mr. BANKHEAD. Yes; I will give the Senator my view on it. Certainly wheat has suffered more in proportion than cotton has suffered, and certainly oats and barley and corn have suffered more in proportion in the loss of foreign markets than has cotton. The Senator realizes that. If he does not, he can get the figures.

Mr. McNARY. No; I do not.

Mr. BANKHEAD. Practically every one of the agricultural commodities has suffered more than cotton has suffered. The reasons for it are something on which, of course, the Senator and I would not agree.

Mr. McNARY. I desire to ask the Senator whether he believes that the trend will follow the figures I have just cited.

Mr. BANKHEAD. Oh, of course, it will follow the trend, except that our exports year before last were less than they were last year. There was an upward movement last year in cotton exports.

Mr. McNARY. Is it the opinion of the able Senator that in the future we must look upon our cotton production from the standpoint of national containment or national sufficiency, and not from the standpoint of an export market?

Mr. BANKHEAD. I think the Senator recognizes that our international trade relations are directly responsible for the change that has occurred. I am not going into the cause of that, for I think it would certainly lead directly into politics. I have my views on the subject, and the Senator has his views, and we are entitled to them. As long as we remain Democrats and Republicans we will maintain them.

Mr. McNARY. I have not any politics in international matters.

Mr. BANKHEAD. But the loss in American exports is due, as I think every economist in this country will agree, to the difficulty of securing American exchange. It is due to the spirit of nationalism which has grown up all over the world. It is due to the fact that all the foreign nations are endeavoring to produce more of products such as wheat, or, if they have ever produced it, such as cotton, and the horrible contests of nationalism under which trade channels have become clogged and broken down.

My own view is that the West is not going to get back its foreign markets for wheat and other commodities, such as barley and oats and corn and all those things. You had a big export trade in those commodities at one time. We are not going to get back completely our foreign markets for cotton until it is made easier in some way to meet the competition of other nations based upon national barter rather than payment in gold exchange.

That is my judgment about the matter, if the Senator wants my views. I do not think there is anything peculiar about the cotton situation.

Mr. McNARY. I thank the Senator.

Mr. BANKHEAD. Now, let me say this, and I want the Senator from South Carolina [Mr. BYRNES] to hear it:

Further following the question of exports, there has been an upward trend in the production of cotton in foreign countries for 50 long years. Some people have an idea that the countries across the water have just found out about their cotton, and that they have jumped into cotton production during the past 2 or 3 years as a result of our programs in this country. The truth is that since 1894, from that time right on up to the present, the average annual increase in the production of cotton has been 150,000 bales. Apply that for fifty-odd years; and since 1914, when the World War started, the annual increase in the production of cotton in foreign countries had averaged 200,000 bales.

We cannot stop cotton production in foreign countries by reducing our price to the minimum. We have always had an adequate supply. When we had 13,000,000 bales at a 5-cent price, foreigners continued to increase their production of cotton. There is no way to stop it. It has not been stopped over a period of 50 years, with the lowest sort of prices.

Why, Mr. President, there are people in this country, some of them living in the South, who want to put the cotton producers down, down, down on a living standard that will enable them to starve out of cotton production the Chinese coolies, the Russian slaves, the Mexican peons. For God's sake, if our people have to go through that horrible experience any worse than they have gone through with it, merely to maintain volume of business for exporters represented by the association from which the Senator from Oregon just read an extract; if they have to go down, down, down with their prices to drive that type of foreigner out of the cotton fields, what is going to happen to our poor cotton farmers who all these years have borne the burden of protective tariffs, who have paid the tariff tax upon nearly everything they consume, who have had nothing that they sell protected; whose income has gone down, down, down, until it is the lowest, smallest per capita income of any group of people in America?

Ah, Mr. President, rather than drive our cotton farmers down to that low degree of financial standing, to that level of living in order to reduce down, down, down the price of cotton so as to drive foreign countries that are producing it out of production, I would say, let us lose sight of the foreign markets. If we have to reduce our farmers and all the people of the South to a state of financial ruin and bankruptcy by selling cotton to foreign countries far below the cost of production, then, in the name of common sense and fairness and decency, why should people insist that we take that course and continue to pile up cotton?

Some people have a nebulous, vague idea that there are markets across the sea for all the cotton America wants to raise or can raise and send there. My friends, in my judgment, if the price of cotton were put down to 4 or 5 cents a pound—and it was there at one time—it would not materially increase the consumption of American cotton in foreign countries, for two outstanding reasons:

First, their capacity, like ours, is limited. They have their sources of supply. Where they do not use American cotton they can barter for cotton; and that is responsible for the great increase of production of cotton in Brazil. They have sold their cotton to foreign countries through barter. It is even known that Italy exchanged a submarine to Brazil for a supply of cotton a year or two ago. The Senator from South Carolina [Mr. SMITH] the other day mentioned the fact that Germany had a delegation over here 2 or 3 years ago trying to buy up around a million bales of cotton. They tried to make the arrangement here by depositing German marks with the Export and Import Bank, so that any merchant in this country who wanted to buy German goods could get those marks and pay for them, and they would take their pay in cotton. The chairman of that delegation came to my office in the Senate Office Building and asked me if I could be helpful in bringing about that barter arrangement. He said that a price of 15 cents a pound for cotton would not be a deterring influence. It was not a matter of price. Cotton was selling then for between 11 and 12

cents, and he said a price of 15 cents would not stop them; and still we hear people talk about reducing lower and lower the price of cotton in order to hold a couple of million bales of exports that we formerly had.

There is another reason, Mr. President, why that cannot be done. Whenever the price of American cotton goes up, the price of competitive cotton goes up in the same percentage. Whenever the price of American cotton goes down, even if it goes down as low as 5 cents a pound, the price of Indian cotton goes down to 80 percent of that 5 cents a pound. Do you think the foreign countries which are now engaged in the production of cotton with their cheap peon and slave labor are going to lose their opportunity to sell cotton merely because our price goes down? Why, Mr. President, how many long years has the Indian price been 79½ percent the price of American cotton? It was that when our cotton was 30 cents and above a pound. It was that when our price of cotton was 5 and 6 cents a pound. It is that today.

Mr. BYRNES. Mr. President—

Mr. BANKHEAD. I yield to the Senator from South Carolina.

Mr. BYRNES. I should like to confirm the statement of the Senator. I may say that within a few months, in discussing this matter with a well-informed German citizen, he stated that they much preferred American cotton.

Mr. BANKHEAD. It has a better staple and fiber.

Mr. BYRNES. But he said they had no way of paying for American cotton, whereas they were paying for Brazilian cotton by barter of German goods.

Mr. BANKHEAD. I ask unanimous consent to have printed in the RECORD a chart showing the Liverpool prices of American and Indian cotton, and the ratio, from 1906 to date; another chart showing the Liverpool prices of American and Egyptian cotton, and the ratio, from 1906 to date; and a chart showing the upward trend in the world production of cotton since 1891.

The PRESIDING OFFICER. It will be necessary to secure the consent of the Joint Committee on Printing to have these charts included in the RECORD.

Mr. BANKHEAD. Who is chairman of that committee now?

The PRESIDING OFFICER. Representative LAMBETH of North Carolina, the Chair is informed, is the chairman of that committee.

Mr. BANKHEAD. These charts are so illustrative and important that I think there should be no difficulty about having them printed. Since they have been already included in official documents of the Department of Agriculture, I dare say the Government Printing Office now has the forms. In case it should not be possible to secure the consent of the joint committee, however, I will state that copies of the charts may be obtained from the Bureau of Agricultural Economics, Department of Agriculture.

In any event, Mr. President, I ask to have printed in the RECORD a statement by Louis H. Bean, of the Agricultural Adjustment Administration, accompanying the last chart to which I have referred.

The PRESIDING OFFICER. Without objection, it is so ordered. The statement is as follows:

LITTLE UNITED STATES CAN DO TO STEM INCREASE IN FOREIGN GROWTHS

(By Louis H. Bean, U. S. Department of Agriculture, Agricultural Adjustment Administration)

The interest of American cotton producers, processors, and distributors in the trend of foreign cotton production has increased over the past half century as year after year foreign crops gained in size. That interest has become even more intense in the past 3 years when both Nature and control programs in the United States checked production and raised prices while foreign production was speeded up. In this article we, therefore, undertake to present, first, certain outstanding facts in the long-time tendencies in foreign and domestic cotton production and then to discuss the part played by the price of American cotton in the expansion of foreign production in recent years. The effects of production and price of American cotton on foreign production have probably been overstated, and the effects of other forces making for foreign expansion, over which American producers have no control, have probably been understated.

TWENTY-YEAR TREND

The long-time trend of foreign production is clearly revealed in figure 1. Production in Russia and China are excluded here because it responds to factors quite different from those that determine output elsewhere. In the 20 years between 1894 and 1914, foreign cotton production (excluding Russia and China) increased from a trend figure of 3,500,000 to 6,500,000 bales, or at an annual rate of about 150,000 bales. Following a decline in production during the war years the upward trend was resumed, but at a somewhat faster pace. Between 1920 and 1935 foreign production increased from a trend figure of 6,500,000 to 9,500,000 bales. This represents an annual rate of increase of about 200,000 bales, or 50,000 bales greater than in the pre-war years. Were Russia and China included, the post-war trend would show a greater annual rise. The post-war expansion in Russia was from almost no production in 1918 to 2,250,000 bales in 1935, compared with about a million bales before the war.

EXPANSION VARIES

The rate of expansion of foreign production has not been uniform year after year. It exceeded the trend in 1898, 1906, 1913, 1925, and 1935. It slowed down after the rise to 1893. It slowed down again after the record crops attained in 1906, 1914, and 1925; and if history continues to repeat itself, may also slow down after the record foreign crops of 1935 and 1936.

The foreign crops of 1935 and 1936, excluding Russia and China, were about 11,000,000 to 11,500,000 bales. This is practically the production that could have been anticipated merely by projecting the pre-war trend of the record crops of 1898, 1906, 1913, and 1925. There is in this fact the suggestion that the economic and other forces that brought about the pre-war rate of increase in foreign production were also largely responsible for the record foreign crops of 1935 and 1936.

For convenient contrast with the trend in foreign production we have included in figure 1 the course of production in the United States. The effect of the boll weevil after 1915 was to reduce the trend of output to a level about 4,000,000 bales lower than that of the pre-war years. Throughout the post-war period, production in the United States, except in 1926, failed to attain the levels indicated by the pre-war rate of expansion. The control programs of 1933-35 and the weather of 1934 and 1936 resulted in crops under 12,000,000 bales compared with about 16,000,000 bales had output followed the post-war trend. This coincidence of rising production abroad from 1932 to 1936 and lower production in the United States is the usual point of departure in the argument that the control programs, by raising prices, have stimulated foreign production, reduced consumption of American cotton, etc. Just how much of the foreign expansion in recent years is occasioned by the price of American cotton and how much by other factors is suggested by the following analysis of aggregate foreign acreage changes and the acreage changes in India, Egypt, and Brazil.

FOREIGN ACREAGE

The course of total acreage in foreign cotton (excluding Russia) from 1921 to 1935 is shown in figure 2.¹ Between 1921 and 1935 that acreage rose from 28,000,000 to nearly 41,000,000, then tended slightly downward, reaching 35,500,000 acres in 1932. This was followed by another advance to nearly 44,000,000 in 1935.

In order to reveal the extent to which these annual acreages were affected by the price of American cotton and by other factors, such as prices of competing crops, national production policies, currency devaluation, we have determined by statistical correlation procedure the effect of the Liverpool price of American cotton in one season on the total foreign acreage the following season for the period of 1921-35. The result is shown on the lower half of figure 2. It will be seen that between 1921 and 1924 there was a rise in the total acreage of 5,500,000, following the advance in prices of American cotton from the low levels of 1920 to the high levels of 1923. This was followed by a decline of 6,000,000 acres between 1924 and 1927 as cotton prices fell from the high level in 1923 to the low level of 1926. The higher prices of 1927-29 restored 2,500,000 to 3,500,000 acres in 1928-30. The decline in cotton prices from 1929 to 1931 had the effect of reducing foreign acreage by about 4,500,000 by 1932. In 1932 a smaller American cotton crop brought higher prices and restored 2,500,000 acres in 1933, and between 1933 and 1935 there was another increase of about 1,500,000 acres.

This analysis shows that had there been no other influences on foreign acreage except the changes in the price of American cotton abroad, the 1933 foreign acreage would have been just about where it was in 1921 and in 1935 it would have been no greater than in 1929 and 1930.

EFFECTS OF PRICE

The effects of price on foreign acreage, shown in the lower half of figure 2, when deducted from the actual acreages, also shown in figure 2, reveal the acreage changes due to factors other than price of American cotton. Thus in 1925 foreign acreage amounted to nearly 41,000,000, or 13,000,000 greater than in 1921. About 4,000,000 of this increase we found was due to price, the balance, nearly 9,000,000 acres, must have been due to all other factors combined, including recovery from wartime reduced output, lower prices of competing products, lower production costs, and Government stim-

¹ The acreage data are those used by the Brookings Institution in its study, Cotton and the A. A. A. The inclusion of China does not affect materially the point of this analysis.

ulus to expanded production. Similarly in 1935 total foreign acreage was about 44,000,000, or 16,000,000 greater than in 1921, but of this only 2,500,000 was due to the higher prices of American cotton, indicating that all other factors were responsible for about 13,500,000 acres of this increase. The year-to-year influences of these other factors are shown in the middle section of figure 2. This part of our analysis shows that had the price of American cotton been kept unchanged throughout the period 1921-35 foreign cotton acreage would have been about 8,500,000 acres greater in 1925 than in 1921; it would have remained at about that level until 1930 and would have shown an increase of 13,500,000 acres over 1921 by 1935.

OTHER FACTORS

We thus infer that the rise in foreign acreage of 4,500,000 between 1932 and 1933 was due in part to the better price of American cotton in 1932 than in 1931 and in part to expansion arising from other factors. Most of the 1933 increase in foreign acreage is therefore not related to the A. A. A. programs adopted in the summer of 1933, except for such increased plantings as took place in India after August 1933. Of the expansion in foreign acreage of nearly 4,000,000 between 1933 and 1935, roughly about half may have been due to the improved price of American cotton and the other half to factors that started foreign acreage expanding again after the 1930 season or 3 years before the first A. A. A. program. It should be observed, however, that the increase in acreage here attributed to "other" factors may include expansion resulting from the expectation on the part of certain foreign countries that the American crop will continue to be held down and price guaranteed. At present, we have no way of showing this influence in a quantitative way.

The fact that growing foreign competition is subject to forces much more potent in the long run than the world price of American cotton can be shown even more strikingly by an examination of the acreage changes in three countries: India, Egypt, and Brazil.

Acreage studies for these three countries have recently been made by the Bureau of Agricultural Economics of the United States Department of Agriculture, which we summarize as follows:

CROPS IN INDIA

For India the price-acreage relationships show that a price of 220 rupees per candy in the period 1920-24 tended to bring about a cultivation of around 17,000,000 acres; in the period 1925-26, because of a decline in prices of other agricultural products, the same price of cotton brought about 22,000,000 acres into cultivation; in the period 1927-32, because of a further decline in prices of other agricultural products, the same price of cotton of 229 rupees brought on 23,500,000 acres; and in the period of 1933-35 about 25,000,000 acres. In other words, the long-time expansion in Indian acreage from 1921 to 1935 had very little to do with the world price of American cotton. Even if the world price of American cotton were to be brought down so as to restore the low prices that prevailed in India in 1931-32, it would not reduce Indian acreage by much more than 1,000,000 acres or about 4 percent.

CROPS IN EGYPT

For upper Egypt the price-acreage relationships show that in the period 1922-24 a price of about 13 tallaris per cantor tended to result in 300,000 acres in cotton, but, with declining prices of grain thereafter, the same price of cotton resulted in 400,000 acres in the period 1927-28; 500,000 in the period 1929-31; and about 600,000 in the period 1933-35. Here, too, the long-time trend in acreage is due not to the price of cotton but to the lower prices of competing products. By 1932 acreage was here reduced very sharply and most of the reduction has been restored, but not more than about 10 percent of that restored acreage can be attributed to the price of cotton.

COFFEE AND COTTON

For southern Brazil the analysis does not contain data back beyond 1933, but it is significant that the expansion started here not after the A. A. A. programs but 3 years earlier. Between 1929 and 1933 acreage here expanded from about 160,000 to 1,120,000, an increase of about 960,000. Between 1929-30 and 1932-33 the price of cotton in Brazil advanced from a low of 32 milreis per 10 kilograms to 53, but this price advance was responsible for only about a 200,000-acre increase. The balance is associated chiefly with the decline in the price of coffee.

PERMANENT TREND UP

From the foregoing facts we may conclude that foreign acreage (outside Russia and China) is pursuing a long-time expansion trend of about 200,000 bales a year; that foreign acreage changes in recent years have been brought about only partly by changes in the world price of American cotton and partly by the other numerous factors over which American producers have no control; and that a sharp increase in American production to force the world price of American cotton down to where it established 1932 cotton prices in competing countries would not necessarily lower the total of foreign acreage to that of 1932. These long-time trends, these price and other influences, need to be taken into account in determining what would constitute a proper progressive balance between American and other growths in foreign markets for cotton.

Mr. BANKHEAD. Mr. President, I do not desire to take too much time of the Senate. I am not sure that I had finished the statement of the formula contained in the cotton title of the bill, and if I may be permitted to do that I will

then yield the floor, unless some Senator wishes to ask me a question.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. McNARY. In relation to the question of exports, just for the purpose of having the record correspond to the actuality, I recall that for the many years I have been a member of the Senate Committee on Agriculture and Forestry we have always considered that the home consumption of cotton was about 40 percent and that the foreign exports amounted to about 60 percent of the crop. Those figures were burned into my memory many years ago and, I think still obtain, largely. In other words, there is a larger percentage of exports of the cotton crop than of any other crop in this country.

As to wheat, I think it is not comparable, as the Senator has said. I recall that for many years, from 1910 to 1925, I think, with the exception of 3 years, the average production of wheat in this country was about 800,000,000 bushels. In 1915 it was about a billion bushels, and it is prophesied it will be about the same this year. For a great many years—I will say up to 1910—we used to export about 20 percent of our wheat, which would be 160,000,000 bushels out of the 800,000,000 bushels. The export is now down to around 10 percent.

I have just hastily glanced at a speech delivered by the Secretary of Agriculture, though I read it last evening with very much interest. It was placed in the RECORD by the very able Senator from Kansas [Mr. McGUIRE]. In that speech he stated:

From the 1st of July up to November 6, we have exported about 22,000,000 bushels. At this rate exports for the year would total about 60,000,000 bushels. But it is possible that exports from this year's crop may total as much as 100,000,000 bushels.

So there has not been a very great variation during the years in the amount of wheat exported. The amount has probably fallen from 20 percent, as it was up to 1910, to 10 percent, the present figure; whereas as to cotton over a long period the export has been practically 60 percent of the crop.

I say this in no argumentative sense at all. I have as much sympathy for the efforts of the southern planter as has the Senator from Alabama, who has given so much attention to this very important problem, and this particular phase of an important problem. What I am trying to ascertain is whether there is not more competition in foreign countries in the production of cotton than there is in the production of wheat or any other American agricultural product, and if we keep our domestic cotton price above the world level, will it not finally exclude us altogether from our export to foreign countries? I submit that as an inquiry to the Senator. The Senator is very thoughtful and has very considerably answered a portion of my inquiry. I refer to the comparable situation between wheat and cotton only because of the Senator's reference a few moments ago.

Mr. BANKHEAD. Mr. President, the question is a proper one, of course. But what can we do about it? I have just explained that we have no power to stop production abroad and that we cannot do it by cheapening the price of cotton.

Mr. McNARY. I am very well satisfied with the Senator's answer.

Mr. BANKHEAD. What can we do? We cannot get the Canadian trade opened up so that we can get a free exchange, as we used to have.

Mr. McNARY. I do not want to see the cotton planter and the cotton farmer and the cotton picker reduced to poverty wages in order to compete in the world market. I want them still to maintain the high American standard of living.

Mr. BANKHEAD. I appreciate that. We cannot control it, and it makes it more important, as I see it, for us to arrange to adjust ourselves to a situation which we cannot control. If we cannot reopen the market at present and secure an increased outlet for our cotton, it makes it all the more important that we should adjust the supply, under

adequate and proper machinery, to the markets where we can sell our cotton. In other words, if our quantity is to be reduced, it makes it all the more important that our price shall be increased.

As I argued before, I think the reduction proportionately in wheat exports to foreign markets has been much greater than has been the reduction in cotton exports. It has been about 30 to 33 1/2 percent in cotton.

There was an export of 10,000,000 bales before the reduction; then it was about 7,500,000 bales. Last year it was merely 5,500,000 bales. So that it was down over 30 percent. As to wheat, there was probably a 75-percent reduction in comparison with the normal export of wheat. There was an annual export of wheat of 179,000,000 bushels, while in the same period there was an export of cotton of seven and a half million bales. Last year there was an export of cotton amounting to nearly 5,400,000 bales, but there was an export of wheat of 16,000,000 bushels. So that there is no real difference; we all have the same problem.

I do not know how we are to stop foreign countries with their nationalistic spirit from producing wheat, just as they have been for 3 or 4 years, and not buying our wheat. I do not know how we are to stop them from producing cotton. Not only that, but cotton is certainly in a worse condition about recovering the same volume of foreign trade because of the production in such large quantities of rayon fiber in Germany and Italy, countries which were formerly among our best customers. We cannot stop that. We cannot stop it in the United States, much less stop it abroad. The market has just disappeared.

Germany and Italy and the United Kingdom and France have always been our chief customers, and the exports to those countries have been diverted due to conditions. The producers in this country have not reduced the production proportionately with the decrease in consumption by our former four chief European customers.

Mr. McNARY. Mr. President, will the Senator bear with me for another question?

Mr. BANKHEAD. Certainly.

Mr. McNARY. In the bill, about which hearings were had throughout the country, adjustment contracts were required as to the major commodities specified in the bill, namely, wheat, cotton, tobacco, corn, and rice. In that portion of the bill now before the Senate which deals with wheat and corn there is provision that where adjustment contracts are required 51 percent of the farmers at a public hearing must indicate that they are in favor of them.

Mr. BANKHEAD. I prefer that the Senator take up that phase of the case with the Senator from Kansas [Mr. McGILL].

Mr. McNARY. Oh, no; I am coming to the question of cotton.

I repeat that adjustment contracts, contracts in writing, which specify benefits in the way of reserve loans, parity payments, and soil-conservation benefits, are provided for in the bill; but before a contract is entered into the Secretary must be satisfied, after a public hearing somewhere in the area in which the product is produced, that 51 percent of those engaged in producing it want to sign the contracts. That is the language of the bill, or I do not read it aright. When it comes to cotton, in the bill now before us the requirements for adjustment contracts no longer exist. It is not necessary to have a contract for cotton. A referendum for cotton adjustment contracts is not required. All that is required is a referendum or a hearing with respect to quotas. The question I am asking is, Why did the committee omit the requirement or adjustment contracts for cotton, and still require them for wheat and corn?

There may be a very logical reason. I am simply asking the Senator for an explanation.

Mr. BANKHEAD. So far as wheat and corn are concerned, the bill as reported, as I understand, does not seek to control production or marketing until a certain stage of overflow in the granary has been reached.

Mr. McNARY. Will the Senator pardon me there?

Mr. BANKHEAD. Yes.

Mr. McNARY. The adjustment contract does not provide for that; but the quota, after referendum, does prevent any of the commodity moving into the currents of commerce above the amount specified by the Secretary of Agriculture. So we come to the compulsory features under that phase of the bill in its application to corn and wheat.

Mr. BANKHEAD. I assume that the Senator from Oregon, who attended the meeting in which the measure was dealt with, heard this subject discussed from time to time by the sponsors of the measure, and he understands that phase of it as well as I do.

Mr. McNARY. There was no discussion at all of that. If the Senator wants to go into that matter I shall complete my history of the transaction.

Mr. BANKHEAD. I quite differ with the Senator. He may not have been present.

Mr. McNARY. The part of the bill with reference to cotton was before the subcommittee. I was present with the committee during the 4 days the bill was under study, save on the Sunday when the present draft of it was written. The cotton provision was referred to a committee of cotton Senators, and they reported back. I do not care anything about the mechanics of the hearing. What I want to know is this: We are dealing with five commodities. Why is a written adjustment contract required for wheat and for corn, but not for cotton?

Mr. BANKHEAD. I do not care whether or not they have the contract for wheat and corn.

Mr. McNARY. I know the provisions of the bill. The bill does not require a written contract for cotton at all.

Mr. BANKHEAD. If the Senator wants to strike the provisions with respect to wheat and corn, he can move to strike them out.

Mr. McNARY. Mr. President, my question is a fair one for any Senator to ask, in order to have an explanation as to why the commodities were not treated alike with respect to written contracts, and to the provisions embodied in the bill with respect to the various commodities.

Mr. BANKHEAD. The Senator from Oregon ought to understand that, I think. Whether he does or not, I think he ought to.

Mr. McNARY. I understand the bill.

Mr. BANKHEAD. Wait a moment. The Senator asked me a question. I wish to answer it.

Mr. McNARY. Very well.

Mr. BANKHEAD. The Senator well knows that the approaches to cotton on the one hand and to corn and wheat on the other, so far as control is concerned, are entirely different. The Senator well knows that no member of the Committee on Agriculture and Forestry from the cotton States is responsible in any way for the bill as it originally was introduced. The Senator well knows that the mere introduction of a bill dealing with cotton and corn and wheat, treating them along the same lines, does not bind anyone, even the Senator from Oregon, and under the rules of our committee, does not bind any member of the committee. We have a rule that any Member, when he comes on the floor of the Senate, may vote as his judgment dictates. He cannot be confined in any way by what was in a bill introduced by some other Senator.

I shall state the reason why the producers of cotton do not want any contract and do not need any contract. The Senator may reason as he pleases and other Senators may reason as they please about wheat and corn, but if we are given the allotment that is provided in the cotton section, we do not need any contract to carry that out. It is useless to go around and get a contract for something that the law controls and regulates.

That is the situation so far as cotton is concerned. We have a different method of approach than in respect to other products. Under the cotton program we try to avoid what is, as we see it, the waste of producing more than is

needed and thereby reducing the price. We approach the subject from the standpoint of avoiding, so far as we can do so in advance, producing a crop which must be impounded on the farm, so far as cotton is concerned. I do not undertake to say anything about corn. I have not been a student of those things enough to do that. However, so far as cotton is concerned, whenever a bale of cotton goes through a cotton gin, it thereby goes into the report of the Census Bureau as to the number of bales. It goes into the visible supply. That supply always directly influences the price of cotton, whether it is impounded or not, whether it is under a loan or not. The cotton trade knows that it is somewhere in a warehouse, and available to the trade when it is needed, without risking at any time an undue shortage of cotton.

Mr. MILLER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair.) Does the Senator from Alabama yield to the Senator from Arkansas?

Mr. BANKHEAD. I yield.

Mr. MILLER. On page 35 the bill, as I understand, sets out the basis of assigning the quotas to the individual producers of cotton; and, in substance, on page 35 one of the things to be considered is the number of families composed of two or more persons. Was any testimony taken by the committee looking to the use, as a basis, of the number of individuals rather than families? As a matter of fact, in the cotton-producing sections of the country a family usually consists of 8 or 10 persons, and I should like to know if that human element was given consideration.

Mr. BANKHEAD. I will say to the Senator very frankly that I was not the author of that immediate section. The Senator from Mississippi [Mr. BILBO] was. I think his idea was to give an advantage to the small farmer as against the mechanized farmer. On a mechanized farm usually there are but few children. The Senator from Mississippi stated that that was the reason why that provision was made in the amendment. It was an amendment in the interest of the small farmer as against the mechanized commercial farmer.

Mr. MILLER. Mr. President, will the Senator yield further?

Mr. BANKHEAD. I yield.

Mr. MILLER. At the bottom of page 36, in subsection (f), it will be observed that when the quota has been established, and the time comes to allot the acreage, 3 percent, I believe, is reserved for allocation to new lands. Was any testimony taken, or what does the investigation disclose, as to the number of acres; or will that percentage be sufficient to take care of the number of acres that normally come into cultivation every year?

Mr. BANKHEAD. I may say to the Senator that we did not have any hearings on that point. We had general information about the number of new farmers who came in under former programs; and the number of new farmers that come in is much larger when the price of cotton is high, as the Senator knows. For that reason we could not anticipate it. A good price attracts them. When a low price prevails, they do not come in. There is no formula for that program. In the original Cotton Control Act the figure of 3 percent was provided. We investigated that condition, and we figured that that was enough to provide for the new farmers.

Mr. MILLER. I have in mind the fact that in eastern Arkansas and in a great portion of the Delta country many of our lands were devastated by an overflow in 1927. I have in mind one particular section in Arkansas which is 100 miles long and on an average 10 to 15 miles wide, which has not been able to raise any cotton except during the last year or so. There are two or three thousand families who have settled on that land. They must have a base acreage if they are going to develop it.

Mr. BANKHEAD. That is provided in the bill. If the Senator will look in the definitions under "normal production," he will find that if for any one year during the 5-year period, on account of drought or other undue causes the production is one-third less than normal, it is to be dealt with.

Mr. MILLER. I should like the RECORD to show that it was the thought of the Senators in charge of the bill, and particularly the Senator from Alabama, that the subsequent provisions in the bill are ample to give the Secretary the right to take into consideration, in fixing their base acreage, the plight of the people to whom I have referred.

Mr. BANKHEAD. We put the provision in the bill for that purpose, I will say to the Senator.

Mr. MILLER. I thank the Senator.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield to the Senator from Louisiana.

Mr. OVERTON. In reference to the apportionment among the States and among the political subdivisions of the States and farm units, I notice the bill provides that the national marketing quota shall be apportioned among the several States according to their production records, but when it comes to allotting the national marketing quota to each State the first provision is, in effect, that the Secretary of Agriculture—

Mr. BANKHEAD. From what page is the Senator reading?

Mr. OVERTON. Page 35, line 3. When it comes to making the allotment amongst the counties or subdivisions of a State the first consideration to be observed is—

The proportion that the land devoted to tilled lands on cotton farms in the county is of the land devoted to tilled lands on all cotton farms in the State.

Elsewhere in the bill "tilled lands" are defined to be lands that are devoted to soil-depleting row crops and soil-depleting feed crops.

In Louisiana there are parishes or counties most of the acreage of which is devoted to the raising of sugarcane, a portion of the land being devoted, we may say, to the raising of cotton. Will those counties whose major crop is sugarcane be allotted proportionately the same acreage that will go to those parishes or counties whose major crop is cotton?

Mr. BANKHEAD. I do not know sufficient about the production of sugar to say whether or not the land so used would be included in "tilled lands." Is sugar planted in rows in the Senator's State?

Mr. OVERTON. Oh, yes; it is planted in rows.

Mr. BANKHEAD. To the cotton grower, so far as I know, a percentage of all cultivated lands, regardless of what was cultivated, would be given for planting cotton. If it should take 30 percent of the cultivated lands in the county to produce the county's allotment, then each farmer would get 30 percent.

Mr. OVERTON. It seems to me, may I suggest to the Senator, that many of the parishes of Louisiana would get a surplus allotment under this method of making the allocation.

Mr. BANKHEAD. Which is more profitable, sugar or cotton?

Mr. OVERTON. That depends on the circumstances. Sometimes sugar is more profitable, and sometimes cotton is.

Mr. BANKHEAD. Is there any base acreage as to sugar?

Mr. OVERTON. Yes.

Mr. BANKHEAD. That would govern, of course. That would keep the farmers from increasing it.

Mr. OVERTON. We will say there is a parish in Louisiana in which 80 percent of the tilled land is devoted to the planting of cane and only 20 percent to the planting of cotton. There is another parish in northern Louisiana, we will say, where practically all the tilled land is devoted to the planting of cotton. Will those cane-producing parishes get just as large an allotment as will the cotton-producing parishes?

Mr. BANKHEAD. I think that will depend somewhat on the sugar-allotment program. I wish to say to the Senator that I did not give any personal consideration to the cane feature, because I did not know sufficient about it. But the Senator's colleague [Mr. ELLENDER] collaborated with us in the administrative allotment features of the bill, and I suggest that the senior Senator from Louisiana take it up with his colleague, who knows more about it than I do.

Mr. OVERTON. I will be very glad to do so.

Mr. BANKHEAD. I wish I could answer the Senator, but I did not give any detailed study to other crops.

Mr. OVERTON. But for the purpose of the RECORD, if the Senator will yield further—

Mr. BANKHEAD. I yield.

Mr. OVERTON. On page 36, when it comes to the allotment to the farm units, there is a similar provision, namely:

At least 95 percent of any acreage remaining shall be apportioned to the farms in the county in the same proportion that the lands tilled on each farm in the preceding year bears to the total tilled lands in the county in such year.

So that a farmer who has been devoting his tilled land to other crops than cotton will, in the allotment of cotton acreage, participate equally with the farmer who has been devoting his land to the planting of cotton. It seems to me that that formula ought to be reconsidered and ought to be amended.

Mr. HATCH. Mr. President, I should like to inquire of the Senator from Alabama if he has concluded his general exposition of the subject and is ready to respond to questions?

Mr. BANKHEAD. Yes; I have been ready to do so for some time.

Mr. HATCH. I wanted to be sure that the Senator was ready.

Along the line the Senator from Louisiana [Mr. OVERTON] has been talking, I wish to ask the Senator from Alabama a question. I think I am correct in saying that at the time the subcommittee was considering the cotton schedule of the bill the section we now have before us was not included in the bill which was considered by the subcommittee, but was inserted at the last minute of the general committee's consideration just before the recess on a Sunday night. Is that correct?

Mr. BANKHEAD. Yes; that is correct, and the RECORD might be made complete by saying that it was presented by the Senator from Mississippi [Mr. BILBO].

Mr. HATCH. It was presented by the Senator from Mississippi. It seems to me that provisions (1), (2), and (3), on page 35, might offer some very grave administrative difficulties, and I should be glad to have the views of the Senator from Alabama on that subject. I will first refer to paragraph (c), which reads:

The amount of the national marketing quota allotted to each State shall be apportioned by the Secretary among the several counties and subdivisions thereof in such State upon the following basis:

Then follow paragraphs (1), (2), and (3), setting forth the basis. What I wish to ask the Senator from Alabama is whether or not, in his opinion, the Secretary would have any discretion whatever in the application of the rules laid down in those three different standards or would he have to give equal weight to each of them?

Mr. BANKHEAD. My view is there is no discretionary power in that section and that, inasmuch as three factors are presented, unless specific provision is made as to the weight to be given to one as contrasted with another, they would be considered equally. That would be my view of it, although I must say that that is just common reasoning.

Mr. HATCH. It is important, I think, to have the Senator's view on that subject, because, as the Senator from Louisiana [Mr. OVERTON] has just pointed out, there are places in the South, I am told, where there is a large acreage of tillable land, and perhaps 5 or 10 acres of that land—and even in the Senator's own State there are cases of that kind—have been set aside for the production of cotton, or for one purpose or another. That is all the cotton ever produced on such acreages and probably all the owners desire to produce. Yet, under that first provision, the total amount of acreage in that farm would have to be given weight equal to that accorded the considerations set forth in the other two provisions.

Mr. BANKHEAD. I think it needs further consideration, I will say to the Senator.

Mr. SMITH. Mr. President, will the Senator from Alabama yield to me?

Mr. BANKHEAD. I am glad to yield to the chairman of the committee.

Mr. SMITH. I think there is no use to complicate a simple matter by different approaches. As I take it, those who drafted the cotton provision were trying to keep production within the limits of consumption, and, therefore, the only sensible approach is to ascertain how many acres were planted to cotton by each farmer during the years in which it is proposed to base the figure as to average production, and then, without reference to anything else, reduce the acreage planted to cotton by the percentage that is necessary, under the general average yield per acre, to produce approximately the quantity desired.

That was my conception under the old A. A. A. law; it is my conception now. So when it is asked how much cane was planted and how many acres the farmer has in some other crop it is beside the question. The question is, how many acres are planted in cotton in the United States in the aggregate and how much and by what percentage that acreage must be reduced in order to produce the amount of cotton that is desired. That is the only way to approach it, and we thought so when we were considering the matter in this bill. I think so now, because if 34,000,000 acres produced 8,000,000 bales of cotton and, taking the 5 preceding years we get the average, and then reduce the cotton acreage by the percentage thought to be necessary, considering the average yield, the number of bales required will be produced. So, what is the use of talking about the total tillable lands that during those years were not put in cotton?

I agree with the Senator from Alabama that part of the bill, at least, needs some revision, and perhaps some amendment.

Mr. HATCH. The reason I asked the question of the Senator from Alabama was simply because I could not understand or figure out what the formula or rule would be.

Mr. SMITH. And nobody else can.

Mr. HATCH. I think if anyone is going to give attention to amendments the time is getting close when amendments should be considered. That is all I wanted to say.

Mr. CONNALLY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Texas?

Mr. BANKHEAD. I yield.

Mr. CONNALLY. As I understand, in the formula acreage itself is not the only basis.

Mr. BANKHEAD. That is correct.

Mr. CONNALLY. One acre might produce twice as much as some other acre. The yield per acre is also to be considered by the Secretary in making the allocation.

Mr. SMITH. That is provided in the bill, but not in the formula about cotton or sugarcane.

Mr. CONNALLY. I am speaking of cotton.

Mr. SMITH. But it is complicated in this way: We have to take into consideration in figuring the cotton quota what else was planted, and so forth, and under the terms of the bill, as it ought to be, each would be apportioned according to the yield per acre and the number of acres.

Mr. CONNALLY. Why did not the chairman bring in that kind of a bill?

Mr. SMITH. The chairman was not writing the bill.

Mr. CONNALLY. I beg the chairman's pardon. I am not criticizing the chairman, but the chairman came here with a bill in one hand and criticism in the other hand.

Mr. SMITH. I know it; and I came here under the order of a majority of the cotton growers of America. The bill is not what I want. It is what they demanded. Copies of the bill were scattered broadcast and the cotton growers endorsed it. I am going to say to them, "If it is a success, I congratulate you; but if it is a failure, shake not thy gory locks at me." [Laughter.] I am going to endeavor to give

them what they asked for. They asked for this bill and I am going to give it to them if I can.

Mr. CONNALLY. If the Senator will guarantee that, it will ease the pain of other Senators here.

Mr. SMITH. We advertised all over the Cotton Belt and we had tremendous meetings. A majority of the cotton growers said, "We want control." A considerable percentage said, "We want it with teeth." Some said, "We want it with tusks." Some said, "We want voluntary control." But a large majority said, "We want control." Several times the question was asked, "According to this bill?" And they said, "Yes."

The bill was prepared some time last summer and was scattered broadcast throughout the entire Cotton Belt. That is how the cotton growers happened to be familiar with it. I do not know what they were told would be the result, but I know the result of the hearings we had. For the first time in the history of Congress the idea of going to the boys in the field was endorsed—going to the men who hold the plow handles and the hoe handles. This is what they said they want, and so far as I am concerned, this is what they are going to get.

Mr. POPE. Mr. President, will the Senator from Alabama yield at this point?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BANKHEAD. Certainly.

Mr. POPE. I wish to invite the Senator's attention to what I think is a defect in the bill, which should be corrected by one or two amendments to carry out the intention of the Senator and myself and, I believe, other members of the committee.

Parity payments are to be made on corn, cotton, and wheat. Other payments are to be made under the Soil Conservation Act along the same line the farmers have been getting since that act went into effect. As I read the bill, however, cotton would be in the position of getting both soil-conservation payments and parity payments.

Mr. BANKHEAD. Where does the Senator find such a provision?

Mr. POPE. There is no provision that parity payments shall be in lieu of soil-conservation payments in the case of cotton as there is in the case of corn and wheat. It was the clear understanding that cotton, corn, and wheat should be on the same basis in that respect.

Mr. BANKHEAD. So far as I am concerned, if the Senator will prepare an amendment putting them on the same basis, it would be agreeable to me. I did not prepare this provision. It was done by the gentlemen who wrote the bill.

Mr. POPE. At the top of page 10 of the bill, in line 8, I would suggest that this language be inserted to carry out that purpose—

Mr. BANKHEAD. I am not going to agree to any amendment on the floor of the Senate in the course of the debate.

Mr. POPE. I want to get it in the RECORD. After the word "for", in line 8, insert the words:

In lieu of payments made under the Soil Conservation and Domestic Allotment Act with respect to such commodities.

Further, to carry out the purpose, in line 13, before the word "cooperators", I suggest inserting the words:

And in the case of cotton the acreage of cotton shall not exceed the acreage apportioned to the farms pursuant to the provisions of section 31 (d).

That, I think, will carry out the purpose the Senator from Alabama has in mind. In other words, it would be very unfair if the cotton producers were paid both the soil-conservation payments and the parity payments. I think it is clear that the language should be amended in that respect. These amendments have been carefully prepared to bring about that result.

I desire to ask the Senator another question. I should like to have the Senator explain the purpose of the amendment which appears on page 82 of the bill, beginning in line 5:

Notwithstanding any other provisions of section 32 of Public Law No. 320, Seventy-fourth Congress, as amended, \$65,000,000 of the funds available under said section 32 in each of the fiscal years 1938 and 1939 shall be available until expended for price-adjustment payments to cotton producers, upon such terms and conditions as the Secretary of Agriculture may determine, with respect to the 1937 cotton crop.

Will the Senator answer the question whether or not that \$65,000,000 would represent additional parity payments to those which might be received by corn and wheat producers under schedule A of the bill?

Mr. BANKHEAD. That is very easy to answer. I have before me the deficiency appropriation bill. This amendment increases the obligation of the Government by not a single copper. There are two phases of it. Of the fund, \$65,000,000 was appropriated by section 32 for this year, and the \$65,000,000, for next year, there being not enough in either year to serve the purpose, was appropriated by the deficiency act just before Congress adjourned, in order to make the adjustment payments, brought about by the difference between 12 cents and the bottom price, not to exceed 3 cents a pound. It cannot be paid out under the law until two things have been done: First, the farmers have to comply with whatever program is adopted for next year. We cannot get proof of that until after this fiscal year shall have expired, and possibly that money might revert to the Treasury, so we are providing for its continuation until the proof is available. That is all. There is not an additional dime involved.

The Senator from South Carolina [Mr. BYRNES] prepared the original amendment which went into the deficiency bill appropriating the amount referred to in the bill which we have before us.

It has another valuable purpose. A mere continuation of the fund is simply to prevent it reverting to the Treasury. Under the cotton-loan plan the bill requires the cotton to be sold before the cotton farmer is eligible under the adjustment-payment law. In other words, the act gives the farmer the difference between 12 cents, as the ceiling, and the average price on the day the cotton is sold. When the act was passed cotton was selling around 10½ cents a pound. No one contemplated it would go below the loan price. To my astonishment, and I cannot account for it yet, with a loan of 9 cents a pound available under which every farmer could place his cotton, the cotton farmers continued to sell and are still selling at 7½ cents a pound.

As the act stands the cotton farmer would be forced to sell his cotton before next July. There are possibly 6,000,000 or 7,000,000 or 8,000,000 bales under loan. If this cotton should be sold now the farmer of course would lose a cent a pound, as well as the carrying charges, which naturally would be deducted from his adjustment payment. By the time he sold his cotton, the adjustment payment would be absorbed and there would not be anything left for the cotton farmer. The chairman of the committee will understand that by the dumping of that cotton on the market at one time, the price of cotton would be forced down in a serious way. The Government has an intense interest not only in the farmers but in not having too large a loss on these loans; so we have extended the loans for a year, and have provided that it is not necessary to sell the cotton, but that those who are still holding it on the 30th day of next June or the 1st day of July shall be considered as having sold it as of that date.

Mr. SMITH. Mr. President, let me make one correction. The Senator inadvertently made a mistake in his statement, and I wish to correct it.

Mr. BANKHEAD. Very well.

Mr. SMITH. The Senator said that the farmers could get 9 cents, and are still selling—

Mr. BANKHEAD. I said 7½ cents.

Mr. SMITH. The Senator said 9 cents.

Mr. BANKHEAD. I said that although they could get 9 cents, they were still selling at 7½ cents.

Mr. SMITH. Yes; but the loan is only 7½ cents on the majority of the grades that are now available.

Mr. BANKHEAD. That is probably true.

Mr. SMITH. Our understanding was that they were to get 9 cents a pound on all cotton eligible under the contract. In place of that, the loan was for the first time broken down into 9 cents for a certain grade and staple, 8 cents for a certain grade and staple, and 7½ cents for the rest. The farmer, not being versed in grading and stapling, and being confused as to what his cotton will bring, just says, "I will sell it and take my chances."

Mr. BANKHEAD. I had a letter a few days ago telling me that a great deal of cotton is being sold at 4 and 5 cents a pound.

Mr. POPE. Mr. President, will the Senator yield for a further question?

Mr. BANKHEAD. I yield.

Mr. POPE. I understand from the Senator's explanation that his amendment would not increase the expense of the Government.

Mr. BANKHEAD. It would save the Government money. There is no possibility of its increasing the obligations of the Government.

Mr. POPE. My question is this: Since \$65,000,000 would be paid to these cotton producers—in extension of the loans, it is true, but nevertheless paid to these cotton producers—would that amount be taken out of the pro rata part of the parity payments which would go to cotton, corn, wheat, and so forth?

Mr. BANKHEAD. No; it has nothing to do with it.

Mr. POPE. Let me get this point clear: Assuming that \$500,000,000 would be appropriated for carrying on this program and the soil-conservation program, 55 percent of that would go to make the parity payments on corn, wheat, and cotton, which, it is calculated, would be \$275,000,000. That would be shared proportionately, then, among those various commodities?

Mr. BANKHEAD. The Senator knows that what is in the bill relates to next year's crops. It has nothing to do with the past year. This provision has exclusive application to things in the past.

Mr. POPE. And it is the Senator's understanding that this provision would not in any way affect the pro rata part that would be used for parity payments on corn, wheat, and cotton?

Mr. BANKHEAD. Not only that, but it applies to 1937. The pending bill applies to nothing in 1937; it applies only to 1938 and thereafter.

Mr. POPE. If that is the correct interpretation, I think that explains it.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield; yes.

Mr. MILLER. I should like to ask the Senator his idea about subsection (h) on page 81 of the bill. That strikes me as rather a singular provision in any bill. In effect, it provides that after a farmer has complied with the other regulations, and has qualified for receiving payments, the Secretary may withhold any payment if he finds that the farmer has not raised the proper amount of foodstuffs on his farm. It is true the subsection says that it shall apply only to payments under sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, but it also applies to cotton; and I wondered if that limitation should not be entirely stricken out of the bill unless we are willing to put in the hands of the Secretary of Agriculture the right to say just exactly what a man shall raise on his farm, and the amount of it.

Mr. GEORGE. Mr. President, on that point I hope the Senator from Alabama will yield to me.

Mr. BANKHEAD. I do.

Mr. GEORGE. I think the question is a very pertinent one. If this bill can be sustained, it can be sustained only on the theory which the Senator from Alabama has long and earnestly advocated, that it is a regulation of interstate

commerce. It seems to me that when we undertake to put into the hands of the Secretary of Agriculture the power to deny payments merely because someone has done nothing whatever with respect to the commodity which is being regulated, but simply and solely because he has not done some other things which the Secretary of Agriculture thought he ought to do with his land or with other crops, the bill then is getting over into the field of clear control of production, and we run the chance of having the whole thing destroyed.

I think the Senator from Arkansas has raised a very pertinent inquiry, and that what he says is equally applicable to any possible restriction on placing any land in competition with any crop that is not regulated as a part of interstate commerce. I think that matter ought to have consideration, and very serious consideration.

Mr. BANKHEAD. I quite agree with the Senator that it ought to have careful consideration. So far as the constitutional phase of it is concerned, this amendment really does not apply to anything in this bill. It is a limitation on the use of money under the Soil Conservation Act. It is not set aside for the administration of this bill.

The Senator from Louisiana [Mr. ELLENDER], who is the author of this provision, is not present. He had that subject up all through the hearings of the cotton subcommittee in the South and took a very great deal of interest in it, and he found really a very responsive sentiment that the outstanding value of any soil conservation or any acreage diversion program depended upon the increased production of feed and food for home consumption, to avoid taking cotton money to buy food and feed that could be produced on the farm. The Senator's idea—and, as I say, I was very much surprised to find unanimity of sentiment among the witnesses that we asked about it—was that there ought to be, so far as possible, some provision in this bill limiting the payment of money under the soil-conservation plan to provisions which would encourage at least the production of foods and feeds. This has nothing to do with control.

I myself do not like discretionary power. I fought that all the way through this cotton plan. I fought every possible discretion. I have tried to insist upon having legal formulas for everything that is done, so that there shall be nothing for the committees to go out and do except to carry out the legal mandates by measure. I recognize, as I stated to the Senator from Georgia, that the subject should have careful consideration; but I know—and I am glad to see the Senator from Louisiana [Mr. ELLENDER] here; I assume he will discuss the subject later—I know that when the meetings acted we had our most responsive answer practically everywhere, and I do not think I heard anybody object to making some limitation upon that gift money under the Soil Conservation Act—that is what it is—that would promote, so far as possible, the production of food and feed supplies upon the farm.

Mr. MILLER. I agree that it is purely a limitation; but when we undertake to load the bill down with that limitation, I think we weaken the bill and run the chance of having the bill run into real legal difficulties.

Mr. BANKHEAD. I do not see the difficulty in limiting the appropriation. Regardless of the wisdom of the course, I cannot see any legal difficulty about it.

Mr. MILLER. Notwithstanding diversification is always to be desired, I think when we force diversification in a bill of this nature we run the risk of having no bill at all.

Mr. BANKHEAD. The Senator from Louisiana, who is the author of the provision, and who has given it a great deal of thought, will doubtless discuss it a bit later on. I know, as I stated, that this discretionary power is objectionable to a great many of us, and I do not know whether or not we could make specific provision on here to avoid it. That is a matter for the Senate later to decide. I am sure an amendment will be drawn up which will deal directly with that phase of it.

Mr. President, there is one other phase of the bill which I wish to discuss and then I shall conclude. That is the money phase of the bill.

There has been some discussion of what is commonly called the domestic allotment plan as applied to cotton. That means, of course, the payment of a subsidy or bounty or gratuity, or whatever we may call it, upon the cotton domestically consumed in this country. That is accompanied, of course, with uncontrolled production. The theory of the domestic allotment plan is to pay a bounty on the cotton domestically used and let the rest go into the foreign market.

That, of course, on its face is a very alluring picture. If we have plenty of money to pay the cotton farmers on less than half of their production a price that will give them a reasonable price on their whole production, then it is all right. It is a very pretty picture. But we have to face realities at this time. There may come some later date when the financial affairs of the Nation will be in a somewhat different situation; but we realize that there has been a clamor all over the country of late, and it has reached down into the common walks of life, that we should quit carrying this Government into larger and larger indebtedness all the time. It has certainly reached the White House, and the announcement from that source is plain and unequivocal that any additional money obligated under this bill must first be provided for in the way of additional taxation.

It is my judgment that the American people are not ready for additional taxation. The chief demand I am getting is to eliminate some of the objectionable taxes we now have, and to meet that elimination by reduction in the expenditures of the Government. I think probably all the Senators have been getting letters and demands and articles and editorials in the newspapers following out that formula. It is clear to me, at least, that we are not in position to make in this bill any substantial increase in our expenditures for agriculture. In the original draft of the cotton section of the bill that fact was recognized, and we sought to set aside 35 percent of the \$500,000,000 soil conservation authorization for the use of cotton, to be used first for such soil-conservation program as might be allotted, and then to pay the balance of parity, which is similar in thought to the domestic allotment plan except, of course, it does not carry out that plan to its completion.

For some reason the representatives of other commodities felt that there should not be a separation of the funds available for cotton, wheat, and corn. They felt that possibly there might be criticism, and one commodity might get some advantage over another, and there was objection. I was entirely opposed, and reluctant to raise any question that would bring about in Congress a dividing wedge between the representatives of these great basic commodities. I recognized that if representatives of 25 percent of the population of this country—and that is all that lives upon the farms—are to be successful in procuring proper recognition for agriculture, we must have a unity of purpose and a unity of action. I sought from beginning to end to avoid any sort of conflict with the representatives of the other major agricultural commodities, as members of the Committee on Agriculture and Forestry well know. So when this objection was raised, I promptly abandoned the thought of a separation of the funds. I said we should let the cotton and the wheat and the corn go along together to get this 55 percent of the \$500,000,000 or \$275,000,000 and divide it.

I do not know that the formula provided is a fair formula. We will have to look into that. The department wrote it. I do not know whether or not it is fair. I do not want anything but a fair formula for a division between these commodities. I do know that every time I raise a question with any representative of the Department I am told that under any formula that can be provided cotton is entitled to at least 25 percent of the gross amount appropriated for agriculture in this country, because it represents at least that proportion of our agriculture.

Mr. CONNALLY. Mr. President—

The PRESIDING OFFICER (Mr. BROWN of Michigan in the chair). Does the Senator from Alabama yield to the Senator from Texas?

Mr. BANKHEAD. I yield.

Mr. CONNALLY. I thoroughly agree with the attitude of the Senator that all the farm groups have to reconcile their differences and present a solid front or no one will get anything. I wish to ask the Senator, when it comes to the parity payments on these different commodities, is there a variable standard depending upon conditions and the amount of yield, or is it a fixed amount?

Mr. BANKHEAD. There is a table showing that.

Mr. CONNALLY. I remember reading it.

Mr. BANKHEAD. It varies according to the approach of the price to parity and the supply. If there is a large supply, as we have of cotton, and if we are far from the parity price, under that table, if it is worked out as I understand it, we would get more on parity payments than we would if we were near the parity payments, with a supply near normal. It is a variable figure. I would rather have it the other way. I would rather have a fair division and let each commodity group work out the use and the application of it to fit the particular conditions, and not have controversy hereafter about whether or not the division the Department is making between the crops is a fair and just one.

Mr. CONNALLY. That is what the Senator from Texas had in mind. So long as it is a variable quantity, and dependent upon many conditions, there will be constant agitation that one commodity is not getting its fair share, and that the Secretary is not just.

Mr. BANKHEAD. There is a formula. I do not know just how it will work.

Mr. CONNALLY. The virtue of a formula always depends on the man who applies it.

Mr. BANKHEAD. I think so, too.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. SMITH. There has been considerable agitation in the press as to the limitations on the amount of money that can be used for the purposes of the pending bill. As that is a new phase of this question, I wish to deal fairly with these who endorse the principles of the bill. The condition of cotton will illustrate just what I am driving at. If we are to aid the farmers in their present condition, does the Senator think that anything less than \$500,000,000, which would be available for the purposes of the bill—we all know that it will be less than \$500,000,000—will offer any real and appreciable relief?

Mr. BANKHEAD. I will say to the Senator in perfect frankness that I think it will be totally inadequate for the immediate present. My thought is, however, that as we approach the adjustment of the supply to fit the world requirements, the price of cotton will gradually move up.

Mr. SMITH. I raise the question because when we had the other tremendous surplus, amounting to more than 10,000,000 bales, a loan of 12 cents a pound was made to the farmer. He is now cut down to 9 cents, and the average is 8, taking the average of the 7½ cents and the 9 cents, and that is restricted to 65 percent of the base acreage. Now we are confronted with the possibility of an eleven or twelve million-bale carry-over, and no relief in sight.

Mr. BANKHEAD. That is true. I have called the attention of Senators from the cotton-producing States to the fact that in 1936, last year, when the carry-over of cotton had been reasonably adjusted—not low enough, but it was lower than it had been since 1929 and 1930, down to 6,000,000 bales—without any loan program, without any price-pegging device of any sort, moving freely into the channels of commerce, domestic and foreign, the average farm price received for cotton was 12.3 cents a pound for the entire crop. One year it went to nearly 14 cents, as the Senator from South Carolina remembers.

It will take us a while to adjust the supply, and it will never be possible to do it, in my judgment, unless there is

compulsory control. We will never do it under a voluntary system, which has always broken down. Judging by the past, it is not possible to control the supply in that way unless we get the price up, as happened in 1936. There are always some farmers who go along, but a sufficient number, hungry for more cotton at a better price, increase their acreage to the point of breaking the program down.

In 1936 as much money was available as would be made available under the pending bill. Approximately \$100,000,000 was available for cotton. What happened? That was supposed to be used, and I assume it was used, so far as it could well be used, in addition to the money spent on the soil-building program, which did not cost a large percentage of the appropriation. The balance was supposed to be used in bringing about crop rotation, diversion of acreage from soil-depleting crops, diverting it to something else, reducing the cotton production, holding it down. What happened, with all that money available? The plan was for voluntary action. Prices were attractive. All the farmers did not take the money. Some of them would not take it. There was a considerable increase in the number of noncooperators. Altogether the farmers reduced their planted acreage 4,000,000 acres.

How are we to avoid that? We certainly have to have a very much larger sum of money. I want to say to those who talk about wanting cotton to move into export that I would like to have them tell me to what price they want to drive American cotton. To what price do they think it is necessary to reduce it in order to increase exports? I want them to be frank about it, because they say, reduce the price, and thereby let cotton flow into some nebulous market.

Mr. McKELLAR. Mr. President, was there any suggestion in the committee or any proof in the committee which indicated what the domestic allotment plan would cost?

Mr. BANKHEAD. Yes; there was a discussion of it. There was not any proof. We did not consider it except out in the field.

Suppose we take this year's situation, with a crop of 8,000,000 bales for domestic consumption. That is a little high. There were only seven and three-quarter million last year, but taking eight million as the figure, the price is $7\frac{1}{2}$ cents a pound. I do not think it will average that. The parity price is $17\frac{1}{2}$ cents.

If we are going to deal with parity price on domestic consumption we certainly should not do anything less when the majority of the crop will be sold at any price it will bring. Take the other 10,000,000 bales of this year's crop at 10 cents a pound. The difference between the present price, $7\frac{1}{2}$ cents, and the parity price, $17\frac{1}{2}$ cents, means that it would cost \$400,000,000 to pay the parity price on the domestic consumption only. That is the theory, of course, of paying on the domestic consumption, and letting the remainder move at any price at which it may move.

Another problem exists. In the first place we do not have the \$400,000,000, nor \$300,000,000, nor \$200,000,000. Some day we may get it, but we do not have it now. We may as well face the fact that we are not going to get it.

Suppose we had only a 9-cent difference. Then we should need \$360,000,000 to pay the parity price. Not only that; if we encourage the producers to increase production, turn the farmers loose, and that is all that is needed, then with every crop that we have in excess of the 13,000,000-bale consumption we are driving down the world price, and we are pushing up the price that we have to pay on the cotton domestically consumed.

Mr. McKELLAR. And would it not exclude our cotton manufactures from going into the markets of the world, because it would cost us more to manufacture here?

Mr. BANKHEAD. Yes; it would.

Mr. McADOO. Mr. President—

The PRESIDING OFFICER (Mr. BROWN of Michigan in the chair). Does the Senator from Alabama yield to the Senator from California?

Mr. BANKHEAD. I yield.

Mr. McADOO. I am very much interested in the Senator's exposition of this problem. I am curious to know whether or not I am correct in assuming that the fundamental purpose of this bill is to limit production.

Mr. BANKHEAD. No. The purpose of the cotton bill is to adjust the supply to fit the demand of the world, and thereby stabilize interstate and foreign commerce so far as cotton is concerned.

Mr. McADOO. That necessarily involves an estimate of what the world demand is, and the adjustment of our production to meet that supposed demand.

Mr. BANKHEAD. That is correct.

Mr. McADOO. As I understand the bill, it is proposed to accomplish that by an acreage allotment for the production of cotton.

Mr. BANKHEAD. It is to be done in two ways: First, in the bill there is provision for a baleage allotment to the Nation, a baleage allotment to the State, and a baleage allotment to the county. Then, when we get down to the individual farm, we have an acreage allotment which, upon an average 5-year yield, will produce the number of bales expected, and then all that is produced on that acreage may be sold.

Mr. McADOO. Whatever the process may be by which that result is arrived at for the individual farmer, who is the one who is ultimately going to produce, there is no authority in the bill to control or regulate the fertilization of that soil by the farmer, or the extent to which he may intensively cultivate it, is there?

Mr. BANKHEAD. No; there is not.

Mr. McADOO. In view of that fact, I should like to ask the Senator whether any thought has been given to that phase of the problem, because I can readily conceive that without any regulation upon the power to fertilize soil and intensively cultivate it, a farmer may be able to produce as much from 5 acres of land as from 10 acres of land not so intensively cultivated and fertilized.

Mr. BANKHEAD. Does not the Senator think that would be an economic program, if as much can be produced on 5 acres as now is being produced on 10 acres?

Mr. McADOO. That may be true, but I am talking about the amount of production that may be had.

Mr. BANKHEAD. Of course, the whole program contemplates that there shall not be a run-away production. If a run-away production occurs, the number of acres must be reduced.

Mr. McADOO. Then it would be necessary to reduce the number of acres constantly, would it not?

Mr. BANKHEAD. I do not think the number of acres would have to be constantly reduced. I do not think the production of last year per acre can be increased by the use of fertilizer. I do not think the use of fertilizer can ever be increased so as to get the results that were had this year.

Mr. McADOO. I think the Senator will concede that fertilizing the soil will have a very pronounced effect upon the amount of the product, will he not?

Mr. BANKHEAD. The acreage planted?

Mr. McADOO. Yes. The fertilization of the soil has a pronounced effect upon the volume of production, does it not?

Mr. BANKHEAD. Yes; but in my section of the country the farmers used the maximum fertilization during the past year. They cannot increase the quantity of fertilizer per acre above what was used in the past year. I do not believe we can figure on increased production through increased use of fertilizer above what was produced during the past year.

Mr. McADOO. As I understand, the fundamental idea of the bill is to control production by acreage allotment; and I was interested in the possibility of that control being defeated by lack of control of fertilization and of the extent of cultivation of the farm itself. If that be true, it seems to me we are running into a situation of bureaucratic control of the farmer in the management and use of his own soil that may defeat the very object in view.

Mr. BANKHEAD. From my own standpoint, Mr. President, I will say that I believe in economical production. I believe it is a wise policy to produce as much per acre as a man wants to produce. Then he has his acreage, and he can use it for producing for home consumption. The curse of many farms of the South has been lack of production of food for home consumption—raising cotton only, and taking the cotton money and buying things that could be raised on the farm.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. HATCH. In line with what the Senator from California [Mr. McAdoo], has said, I should like to ask the Senator from Alabama whether it is not true that if we attempt to limit production by acreage control, and say a man may produce only so much cotton per acre, we run into all the administrative difficulties that arose under the original Bankhead Act.

Mr. BANKHEAD. All the trouble with the Bankhead Act was on account of trying to make the baleage fit the acreage, and it would not fit. When, under the A. A. A., a man was allowed to plant 10 acres, and they said, "You may produce but five bales," and as a matter of fact he produced six, he was mad, and the provision would not fit.

Mr. HATCH. I think the Senator from California will agree that if such a thing were attempted we should run straight into bureaucratic control whenever we tried to let the administration in Washington fix the amount which might be produced.

Mr. BANKHEAD. Yes; it would result in all kinds of trouble.

Mr. HATCH. That was what the Senator from California had in mind; was it?

Mr. McADOO. The bill provides for an adjustment of our production to meet the world demand for cotton. That is to be accomplished by an acreage allotment for the production of cotton. There is no provision in the bill on that subject other than the provision for the control of allotment acreage. The bill seemed to me to be inadequate to accomplish that purpose. If we attempt, however, to control the operation by the farmer of the allotted acreage by prescribing the amount of fertilization he may use, or the intensification of the cultivation he may employ, we get into a bureaucratic control which I think will defeat the ends in view.

Mr. BANKHEAD. Mr. President, those of us who have been on the firing line and the battlefield in the administration of the Bankhead Cotton Act went all through that; and we have unanimously agreed, I think, that the allotment basis is the heart of the control. If there is too much production, decrease the acreage. If there is not enough, increase it.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. CONNALLY. Is it not true that it would be absolutely impossible to do it in any other way? You can put one farmer on one side of the road, and put another one on the other side of the road, and give both the same amount of acreage and the same kind of land, and one farmer will raise one-third more than the other farmer. That cannot be controlled unless we have someone watching to see that one does not do more than the other.

Mr. BANKHEAD. In addition to what the Senator from Texas says, I should like to call attention to another thing. We do not have storage facilities for excess production. If we limit the number of bales, and more are produced, what are we going to do with the excess? Tenants move from year to year, and would leave the cotton they had produced in the field because they could not sell it if production were limited. We ran into all that sort of thing before.

Mr. McADOO. Mr. President, I hope the Senator from Alabama and the Senator from Texas did not infer from my questions that I was advocating anything that would result in any such difficulty as I have outlined. I do not believe, as I said before, that such a plan is at all feasible; and therefore I was in doubt, when no provision with regard to the increased use of fertilizers was made in the bill, as to whether or not a simple acreage allotment would of itself control the volume of production that it was desired to secure.

Mr. BANKHEAD. Mr. President, I was discussing the money phase of this problem as specifically applied to what is considered and called the domestic-allotment plan. We have not the money, and we cannot get it, and we all know we cannot get it at this time. Some day it may be feasible and available. We cannot get \$300,000,000 or \$400,000,000 to carry out the domestic-allotment scheme. Besides that, as has been pointed out, every year the amount of domestic-allotment money would increase as the price of cotton decreased, resulting from production in excess of the annual consumption.

In addition to that, there is not an unlimited market for American cotton. Do not forget that. The price of cotton has been reduced from 12½ cents a pound last year to 7½ cents a pound this year, and where is the increase in export? There is not an increase in export because when American cotton goes down to 7½ cents a pound, Indian cotton, our chief competitor, goes down to 80 percent of 7½ cents a pound. Their cotton moves right down in price with ours, and our farmers work to give the foreign cotton mills an opportunity to buy cotton cheaper, and they will not buy ours because they can get it abroad at a percentage below the price that prevails for American cotton. So, while it is a pretty picture, it is not a true one.

Now, Mr. President, I am going to conclude with this statement.

Mr. OVERTON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Louisiana?

Mr. BANKHEAD. I yield.

Mr. OVERTON. I request the able Senator from Alabama to give us some indication of what would be the practical operation of this bill, if it should be enacted into law, in reference to the parity price and income the farmer may expect to receive during the next marketing year.

Mr. BANKHEAD. My judgment is that, from the division of the money, the cotton farmer will get something in excess of a hundred million dollars. There are only \$275,000,000, as the Senator knows, for all the basic crops. Assuming that the cotton farmers get something in excess of \$100,000,000, of course, the cost of administration has to be paid out of that. There may be \$100,000,000 left. If next year the crop of cotton is limited, for illustration, to 10,000,000 bales—and by all means it should not go above that, because we now have a year's crop as a carry-over without producing a single stalk more—on that basis a hundred million dollars will give 2 cents a pound. A part of the sum available goes to soil-building practices. I do not know how much will be applied to that; there is no specific formula; but we cannot hope for more than 2 cents a pound for cotton. Assuming that we get that, it is equivalent to \$10 a bale. Suppose, for instance, by reason of reducing the carry-over by 2,000,000 bales or 3,000,000 bales, the price were

increased to 10 cents or 10½ cents, where it would go if there were a 3,000,000-bale reduction in the carry-over under the long-established rules; suppose we get the price to 10½ by this control program, and we get 2 more cents through parity payments, then we get back to around 12 or 12½ cents a pound for the cotton by adding these parity payments.

Mr. OVERTON. The farmer, however, during the next year cannot expect to get the parity price?

Mr. BANKHEAD. Oh, no; no sort of farmer in America can hope to get that. It would cost six or seven hundred million dollars to give the farmers parity payments on the crops covered by this bill.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. McNARY. I do not want to tire the courteous Senator. I could not hear the reply the Senator made a moment ago, but what did he say the cotton farmers received by way of benefit payments under prior legislation?

Mr. BANKHEAD. I have not figured the amount exactly, but I should say for 1933, 1934, and 1935, the first 3 years of the Triple A, and while we had the processing taxes, cotton planters got about an average of \$115,000,000 a year for those 3 years.

Mr. McNARY. What additional sum does the Senator expect to make it possible for the cotton raisers to receive under the provisions of this bill?

Mr. BANKHEAD. None whatever; I am not seeking more money.

Mr. McNARY. The Senator is merely seeking control?

Mr. BANKHEAD. I know this is not a time for the farmers to stick their necks out and invite the opposition of the taxpayers of this country. I am in line with the attitude of the President of the United States, who wants to hold expenditures down and balance the Budget. So I realize that, as a practical matter, it is not the time, in the appropriation for agriculture, to go beyond \$500,000,000 in addition to the \$125,000,000 available under section 32. I think there is a chance always of the pendulum swinging in the opposite direction and destroying, by overdoing the job, the good things that we really are trying to accomplish.

Mr. McNARY. I think that is a very frank and candid expression on the part of the Senator. Does he expect a parity price to be reached for cotton?

Mr. BANKHEAD. I just remarked that there is no earthly chance of that. I do not see any chance in the years to come.

Mr. McNARY. But would there not be a chance under the benefit payments and a curtailment of production for market?

Mr. BANKHEAD. I did not get the question.

Mr. McNARY. Parity could be obtained in two ways.

Mr. BANKHEAD. No; not for cotton; parity cannot be obtained in any way.

Mr. McNARY. Under this bill the Senator is attempting to get parity through benefit payments, is he not?

Mr. BANKHEAD. No; I differ with the Senator. We are attempting to provide payments toward parity; they are not full parity payments. We have not sufficient money for that. I just stated—I do not know whether or not the Senator heard me—that it would take six or seven hundred million dollars to pay full parity on the three large crops in view of present prices.

Mr. McNARY. I understand the statement, but I say the bill itself contains provisions that would give parity.

Mr. BANKHEAD. No; the bill itself does not, because it provides that if there is not enough money available it shall simply be divided pro rata. So it does not create either a legal or a moral obligation.

Mr. McNARY. Of course, we know—I know, because I am familiar with this bill, and I am not quarreling with the Senator along that line—that the bill contemplates parity payments to producers of major commodities.

Mr. BANKHEAD. At some day, if possible, but not next year.

Mr. McNARY. Of course, because the bill does not carry an appropriation; it says "as much as may be necessary."

Parity, I contend, under the provisions of this bill can be reached in two ways—one by draft upon the Treasury of the United States and the other by restricting production. It can be reached in either way.

Mr. BANKHEAD. Which does the Senator prefer?

Mr. McNARY. I do not prefer either.

Mr. BANKHEAD. The Senator does not want the farmer to have parity, then?

Mr. McNARY. Yes. I said a while ago I wanted him to have as high a price as possible. I should like to see this reduced to its fundamentals. Let the farmer receive payments under the Soil Conservation Act, and then come within the provisions of this umbrella, if he wants to. I assume that this bill, under its terms, contemplates, more or less, control of supply, does it not, I ask the Senator?

Mr. BANKHEAD. It is the theory of the bill to make a proper application of the business rule of supply and demand. That is the fundamental principle of it.

Mr. McNARY. That is true. Now I refer to the report of the committee. On page 16 we find this language:

The committee reports that, unless and until the dollar value is regulated and stabilized, it will be impossible to regulate production of farm commodities in any kind of a satisfactory manner.

If that be the theory of the committee, it certainly is not consistent with the provisions of the bill we have been discussing for the last week. I continue the reading:

The value of the dollar controls the price level; and the price level, along with the quantity of production, controls the price of any given commodity.

That is the report of the committee in which the able Senator from Alabama collaborated. Is it his view that we must have the dollar price, the dollar value adjusted in order to meet the situation rather than a control of the supply?

Mr. BANKHEAD. Mr. President, I have had the floor now for 4 hours, and I wish to quit. I am not going to undertake to answer that question of the Senator from Oregon. The Senator from Oklahoma [Mr. THOMAS] will deal with it in proper course, and I think he can deal with it adequately; but I will not go into the money question now; it is too late, and I am tired.

Mr. McNARY. I do not at all blame the Senator.

Mr. BAILEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from North Carolina?

Mr. BANKHEAD. Just a moment. I think we are under a moral obligation to pass this bill, especially the representatives of the cotton-growing States and all the other Senators who voted for Senate Joint Resolution 207 at the last session of Congress. I was not here at the time. I was unavoidably away, but my spirit was here. However, the Senators and Representatives from the cotton-growing States sought a cotton loan on this year's crop because they thought they could foresee a disastrous price ahead of us. They did not fully foresee it, but they saw that the cotton growers would be in difficulty. So they went to President Roosevelt for a loan. The President told them, and he announced through the newspapers, that, in order to secure a loan on cotton or on corn or on any other agricultural commodity the Congress must provide a system of control of the production and marketing of commodities; in other words, that there must be some plan, some machinery, some law under which the Government's financial interests could be protected. The President well knew, as I have heard him often say, that the main cause of the failure of the Federal Farm Board was loans and purchases made by it at an attractive price, but with no power to regulate or control production—to buy at a high price and then let every farmer produce all he could produce at that price, with no power to stop it. Therefore the whole plan fell of its own weight. Well knowing the cause of the failure of the Federal Farm Board, in perfect fairness to the country and to the Members of the Congress, the President gave out the information not only to the Members of the Senate and the House, but, as I have just said, to the press, that he would make no agricultural commodity loans unless

Congress committed itself—we were about to adjourn—to making agricultural legislation the first item on the program when Congress should again convene. In the joint resolution this pledge, upon which he acted, was given to him:

(4) That control of agricultural surpluses above the ever-normal granary supply is necessary to safeguard the Nation's investment in loans and to protect farmers against a price collapse due to bumper yields resulting in production beyond all domestic and foreign need.

We gave him, in the most solemn way that a pledge could be given, by formal action of the Senate and of the other House agreeing upon a joint resolution and sending it to him, a pledge that when we met here, we would pass a law for the control of agricultural surpluses.

Who does not know what control means? Some have tried to argue that it means voluntary cooperation. That is not control. Everyone who has given any thought to the subject and understands language knows that "control" means the power to enforce, means a form of compulsion, means providing the administration with the authority to protect the interests of the Government in the loans it has made.

Acting upon that pledge the President granted the cotton loan. It developed, after the loan was authorized, that there was a crop of unexpected size running to almost the highest point in the history of the country, that we had been proceeding under the Cotton Loan Act to a point where cotton sold at 9 cents a pound for seven-eighths Middling cotton. Many farmers sold it for less. There was the open market for the Government to take the cotton over. The loan being granted under the pledge of Congress, we are likely to have 6,000,000, or 8,000,000, or possibly 10,000,000 bales of cotton under that loan. Reports to the Commodities Credit Corporation do not in any way indicate the volume of cotton under the loans. There is no requirement for borrowers to give their notes. Certain banks have been doing it. They say the amount of loans is largely in excess of the amount now reported.

Mr. President, if we do not have control legislation, where do we leave the administration and the President, acting for the welfare of the cotton farmers, sympathetic to them as he has always been, trying to shield and protect them, but recognizing his duty to the Government? "Give me control and I shall give you a loan, an open transaction." We pledged him the control. He granted the loan, and now the Government has all this money involved. If we turn the farmers loose again, instead of the price of cotton going up to a level which would enable the Government to get its money out of it, we are liable to have cotton down to 6, or 5, or possibly 4 cents a pound. It takes only two or three million bales in excess of the normal crop consumption to bring cotton down to that figure, and then we will have an awful loss saddled upon the Treasury of the United States. Under the same authority the corn loan has been announced.

So I say in fairness and in good faith we are obligated to enact some form of control legislation that will enable the President to adjust the supply, that will enable him to protect the prices—because that is what we promised him we would do—to protect the investment of the Government. There is only one way to protect it, as every intelligent man knows, and that is by a control program which will reduce the carry-over at the end of next year.

Mr. President, with these remarks I bring my discussion to a close for the present. I am ready to carry out this pledge. I was not here when it was made, but I was in full sympathy with it. I do not think we should fail to carry it out. We cannot fail to carry it out and then face this or any other administration, in view of that solemn promise and declaration of Congress to enact control legislation. I do not think any of us who participated in securing that loan can ever go back to the White House with a clear conscience and look the President in the face if we fail to enact control legislation, considering that the Government will be overwhelmed with losses under the cotton loan and will be similarly affected under the corn loan if that program is carried out.

For these reasons, Mr. President, I think we ought to proceed to the enactment of control legislation and of legislation that we understand to be control legislation.

I ask unanimous consent to insert in the RECORD immediately following my address a defense of crop control, written by Prof. Roscoe Pulliam, president of the Southern Illinois State Normal University.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit B.)

EXHIBIT A

MEMORANDUM FROM THE TEXTILE DIVISION

SEPTEMBER 18, 1937.

Subject: Shift in cotton purchases from the United States to other countries in the United Kingdom, France, Germany, and Italy.

The decline in imports of American cotton by the United Kingdom, Germany, France, and Italy during the past 3 years as compared with the preceding decade does not represent altogether a shift to other cotton. The increased takings of other cotton compensated only a portion of the loss suffered by American cotton. On the whole, the smaller imports of American cotton in these countries were part of a decrease in imports of cotton in general for a number of reasons. One of these was the loss in the export trade of cotton goods which was heavy in the case of the United Kingdom and Italy and considerable for Germany and France. Another important reason was the campaign of economic self-sufficiency in Germany and Italy where importation of foreign goods has been discouraged as far as possible with cotton among the principal sufferers. A third reason was the greatly increased use of other fibers. Another factor to be taken in consideration is that the United Kingdom and continental countries, during the past 3 years drew upon the supplies of American cotton in their local warehouses and stocks of American cotton in these countries decreased during this period by about a million bales so that the actual takings of American cotton were larger than indicated by the import figures.

Insofar as American cotton was replaced by other cotton it may be ascribed chiefly to difficulties in connection with making payments in foreign exchange in Germany and Italy; to the more limited free supply of American cotton during the past 3 years as compared with that of former years accompanied simultaneously by a considerably more liberal supply of other cotton resulting from the larger crops in Brazil and some other foreign countries. While, considered as a whole, perhaps it cannot be said that there was an actual shortage of American cotton for foreign consumption, the free supply of particular grades and staples of American cotton was not so plentiful as heretofore and, in the interplay of economic forces in the European cotton markets, the larger supply of other than American cotton gave that cotton some advantage either in price or in ready availability over American cotton.

Statistical material showing imports of American and other cotton for the countries in question and a more detailed discussion, by countries, is attached.

The attached statistical tables show that imports of American cotton increased between 1921 and 1930 in Germany, France, and Italy and decreased somewhat in the United Kingdom. From 1930 to 1933 imports of American cotton declined in all four countries and a heavier reduction in imports has taken place since 1933.

The volume of raw-cotton imports is greatly affected by the domestic demand and existing stocks of cotton goods in the various countries for which there is no satisfactory information, and it is therefore not altogether possible to trace all the causes underlying the annual changes in the cotton imports. The important changes, however, took place in the last 3 years, and in order to facilitate such deductions as may be made from the available data the latter have been summarized in table 5 to show what took place between the 3 years 1934-36 and the preceding decade. That table indicates that, as compared with the preceding 10 years, imports of American cotton in the four countries dropped during the past 3 years by more than 2,000,000 bales, or 43 percent, which bears out the statement made by Senator BANKHEAD in his letter. The heaviest drop (849,000 bales, or 62 percent) took place in Germany, followed by the United Kingdom, France, and Italy.

The deficiency in American cotton was made up, to the extent of about 750,000 bales, by larger imports of other cotton in the United Kingdom and Germany, but not in the case of France, where imports of other cotton remained stationary, and of Italy, where imports of other cotton showed a decrease. Tables 1 and 2 show that the larger imports of other than American cotton in the United Kingdom came mainly from Brazil and India (imports from the latter country possibly having received a fillip from the efforts of the British Government to encourage consumption of Indian cotton undertaken under the Ottawa agreement), while in Germany the larger receipts came mainly from Brazil, Peru, and Argentina, as well as from Turkey, Mexico, and some other countries, much of the cotton having been secured as a result of trade arrangements between Germany and other countries obviating payment in foreign exchange.

The total net change in the cotton imports of the four countries during the last 3 years was a decrease from the average imports during the preceding decade of 1,300,000 bales. It is to be assumed, therefore, that the principal reason for the decline in the imports of American cotton was the general contraction in the effective demand for raw cotton in these countries. About 60 percent of this contraction took place in Germany and Italy, where cotton imports were curtailed owing to the fact their Governments have discouraged the importation of cotton and other products from foreign countries on account of the shortage of foreign exchange with which to pay for foreign goods. Another condition affecting cotton imports in these countries is their curtailed export trade in cotton goods, exports of cotton piece goods from Italy having declined by more than half and those from Germany by nearly one-quarter during the past 12 years. During the same period the United Kingdom lost more than half of her cotton piece goods export trade, and France about a quarter of that trade.

To summarize, the given data show that about one-third of the loss to American cotton in the four countries may be attributed to larger takings of other cotton, while the other two-thirds of the loss must be ascribed to other factors. Of the latter, the curtailed export trade in cotton goods and foreign exchange situation have been mentioned, but another important factor has been the rapid expansion in the production and use of cotton substitutes, particularly rayon and staple fiber. This is illustrated in table 6, which shows that for the comparable periods and for the countries involved the increase in the production of these materials was about 283,000,000 pounds, roughly equivalent to 775,000 bales of raw cotton. While a considerable quantity of these fibers was used as substitute for wool, the bulk went to replace cotton and cotton yarn. In addition, mills in Germany and Italy have utilized cotton waste and shoddy as well as other materials on a much larger scale than heretofore.

According to information supplied by our Division of Foreign Tariffs, the Ottawa Agreements Act was passed by the British Parliament on November 15, 1932, and it became effective, with minor exceptions, on November 17, 1932. As raw cotton was and is on the British free list, no tariff advantage has accrued to any empire supplies as a result of these agreements. However, in the agreement with British India the Government of the United Kingdom undertook to continue its cooperation with British and Indian commercial interests to stimulate the consumption of Indian cotton through technical research, commercial investigation, market liaison, and industrial propaganda.

It is not possible to weigh the effects of such efforts on the importation of Indian cotton into the United Kingdom, especially as the agreement merely gave formal acknowledgment to a movement that had been under way for some years. However, the increase in the United Kingdom cotton imports from that country since 1932 may be a partial result of the interest stimulated in Indian cotton by this agreement.

Technically this agreement was denounced by British India and it terminated on November 13, 1936. By mutual consent the arrangement is still operative, pending the negotiation of a new commercial pact. While the provisions of this projected agreement cannot be prophesied, it would be natural to expect that the present provision for cotton would be continued.

TABLE 1.—United Kingdom—Cotton imports
[1,000 bales of 478 pounds]

	1936	1935	1934	1933	1932	1931	5-year average	
							1926-30	1921-25
Total.....	3,237	2,661	2,641	2,939	2,631	2,282	3,159	3,083
United States.....	1,291	1,196	960	1,584	1,529	927	1,792	1,907
Other countries.....	1,946	1,465	1,681	1,355	1,101	1,355	1,367	1,176
India.....	487	345	322	229	112	221	184	153
Egypt.....	591	569	577	669	503	535	603	647
Brazil.....	310	125	302	29	3	77	85	54
Peru.....	167	140	184	167	138	138	184	157
Argentina.....	92	51	90	49	81	79	44	10
Anglo-Egyptian Sudan.....	121	115	108	93	129	24	113	28

TABLE 2.—Germany—Cotton imports
[1,000 bales of 478 pounds]

Country	1936	1935	1934	1933	1932	1931	5-year average	
							1926-30	1921-25
Total.....	1,060	1,430	1,462	1,921	1,728	1,501	1,818	1,305
United States.....	326	345	875	1,444	1,365	1,092	1,465	1,043
Other countries.....	764	1,085	587	477	363	409	353	262
India.....	136	129	160	165	95	166	199	169
Egypt.....	134	181	204	180	152	135	94	67
Brazil.....	159	380	38	-----	1	11	6	3
Peru.....	86	116	52	45	39	47	13	2
Argentina.....	44	66	26	24	22	10	12	5

TABLE 3.—France—Cotton imports
[1,000 bales of 478 pounds]

	1936	1935	1934	1933	1932	1931	5-year average	
							1926-30	1921-25
Total.....	1,489	1,031	1,071	1,606	1,129	1,074	1,669	1,272
United States.....	870	492	542	1,062	802	622	1,031	845
Other countries.....	619	539	529	544	327	452	638	427
India.....	236	193	193	217	64	137	204	141
Egypt.....	234	214	213	228	158	182	199	166
Brazil.....	67	52	47	-----	-----	10	7	14
Argentina.....	7	10	13	14	13	9	14	4
French colonies.....	31	29	-----	-----	-----	-----	-----	-----
French West Africa.....	12	9	10	7	6	10	17	6
French Equatorial Africa.....	12	14	-----	-----	-----	-----	-----	-----
Other French colonies.....	6	6	-----	-----	-----	-----	-----	-----

TABLE 4.—Italy—Cotton imports
[1,000 bales of 478 pounds]

Country	1936	1935	1934	1933	1932	1931	5-year average	
							1926-30	1921-25
Total.....	466	686	863	1,014	877	786	1,043	885
United States.....	338	401	532	761	676	483	738	594
Other countries.....	128	285	331	253	201	303	305	291
India.....	32	122	147	121	67	168	193	234
Egypt.....	64	134	155	118	106	99	89	82
Brazil.....	13	9	-----	-----	-----	-----	-----	-----
Italian colonies.....	2	4	-----	-----	-----	-----	-----	-----

TABLE 5.—Recent changes in the cotton imports of the United Kingdom, Germany, France, and Italy

	Imports		Change from 1924-33 period			
	10-year average, 1924-33, 1,000 bales	3-year average, 1934-36, 1,000 bales	Increase		Decrease	
			1,000 bales	Per cent	1,000 bales	Per cent
American cotton:						
United Kingdom.....	1,755	1,149	-----	-----	606	35
Germany.....	1,364	515	-----	-----	849	62
France.....	950	635	-----	-----	315	33
Italy.....	688	424	-----	-----	264	38
Total.....	4,757	2,723	-----	-----	2,034	43
Other cotton:						
United Kingdom.....	1,336	1,697	361	27	-----	-----
Germany.....	361	812	451	125	-----	-----
France.....	562	562	-----	-----	-----	-----
Italy.....	303	248	-----	-----	55	18
Total.....	2,562	3,319	757	30	-----	-----
All cotton:						
United Kingdom.....	3,091	2,846	-----	-----	245	8
Germany.....	1,725	1,327	-----	-----	398	23
France.....	1,512	1,197	-----	-----	315	21
Italy.....	991	672	-----	-----	319	32
Total.....	7,319	6,042	-----	-----	1,277	18

TABLE 6.—Production of rayon¹ and staple fiber² in United Kingdom, Germany, France, and Italy

	1936	1,000,000 pounds					5-year average	
		1935	1934	1933	1932	1931	1926-30	1921-25
United Kingdom.....	144	121	92	83	72	54	44	19
Germany.....	190	136	100	72	61	66	48	16
France.....	54	61	62	59	52	44	33	9
Italy.....	196	153	107	85	72	75	57	13
Total.....	584	471	361	299	257	239	182	57
Approximate equivalent in terms of raw cotton (1,000 bales of 478 pounds).....	1,600	1,290	990	800	700	650	500	150

¹ Continuous filament.

² Fiber cut to short lengths and spun like cotton.

TABLE 6.—*Production of rayon and staple fiber in United Kingdom, Germany, France, and Italy—Continued*
RECENT CHANGES

	Production		Increase from 1924-33 period		
	10-year average 1924-33	3-year average 1934-36	1,000,000 pounds	Percent	Approximate cotton equivalent 1,000 bales
United Kingdom.....	48	119	71	148	195
Germany.....	49	142	93	190	255
France.....	35	59	24	69	65
Italy.....	57	152	95	167	260
Total.....	189	472	283	150	775

TABLE A.—*Exports of cotton piece goods from Japan and the United Kingdom, 1924-36*
[In millions of square yards]

Year	United Kingdom	Japan
1924.....	4,444	1,997
1928.....	3,867	1,418
1929.....	3,672	1,791
1930.....	2,407	1,572
1931.....	1,716	1,414
1932.....	2,198	2,032
1933.....	2,031	2,090
1934.....	1,994	2,577
1935.....	1,949	2,725
1936.....	1,917	2,708

¹ Million linear yards.

Source: International Labour Office, Geneva: The World Textile Industry, volume I, page 130.

TABLE B.—*Exports of cotton fabrics¹ from France, 1927, 1932, and 1935*
[In 1,000 quintals]

	1927	1932	1935
To selected colonies ²	351.0	268.0	340.4
To selected foreign countries ³	234.1	25.6	10.8
To other countries.....	199.1	95.8	38.2
To all countries.....	784.2	389.4	389.4

¹ Including curtains, embroidery, lace, etc.

² Algeria, French Indo-China, Madagascar, Tunis, French West Africa.

³ Germany, Switzerland, United Kingdom, Argentina.

Source: Ibid, p. 136.

TABLE C.—*Exports of cotton piece goods from Germany, 1929, 1932, and 1935*
[In 1,000 quintals]

	1929	1932	1935
To selected European countries ¹	30.1	25.9	10.3
To selected countries of British Empire ²	43.5	11.6	13.4
To other selected countries:			
Argentina.....	14.2	1.6	0.5
China.....	5.2	1.4	6.0
United States.....	14.0	3.3	1.2
Turkey.....	9.1	2.7	15.8
To all other countries.....	84.2	33.9	48.5
To all countries.....	200.3	80.4	95.7

¹ Austria, Denmark, Netherlands, Switzerland.

² United Kingdom, Union of South Africa, India, British West Africa.

Exports of cotton piece goods from Italy declined from 567,400 quintals in 1929, to 339,900 quintals in 1932, to 241,900 quintals in 1934, the last year for which complete statistics are available.

EXHIBIT B

A DEFENSE OF CROP CONTROL

Dorothy Thompson protests against the cotton crop-control policy of the Federal Government on the ground that it is economically unsound to impose higher prices on the consumer by reducing the production or otherwise limiting the supply of any good thing. As theory we have no quarrel with this view.

Unfortunately for the cotton growers and for other farmers, they are confronted with some immediately pressing realities that will not wait upon academic theory or upon revolutionary change in all our present ways of doing business.

Miss Thompson's arguments against crop control all rest on the assumption that free competition and unlimited production have actually been the general rule in the United States until the A. A. A. came along and tampered with farm production in order to raise the price of farm products.

In spite of what she says at the beginning of her article, logic compels her to assume that all the things the farmer has to buy in exchange for what he produces are also produced under the same kind of competition he faces, and sold as his products are sold for what they will bring in a market where supply and demand govern prices. This theory, of course, simply does not correspond to the real facts in the case.

Let us take a simple example. In 1918, when the farmers first began to buy automobiles in great numbers, a Ford car cost about \$600 and a bushel of wheat sold for \$3. In other words, a Ford car could be exchanged for 200 bushels of wheat. In 1932 a bushel of wheat brought 30 cents.

Had the rugged individualist's theory of supply and demand been permitted to operate on Ford cars as it did on wheat, Ford cars should then have sold for \$60.

While the farmer continued to produce all the grain he could, and the law of supply and demand was driving the price of a bushel of his wheat from \$3 to 30 cents, it was not permitted to operate on automobiles at all. The automobile industry, sitting safe from foreign competition behind a high tariff wall, and highly centralized at home, had long before worked out its own methods of curtailing the crop of automobiles.

The columnists who weep periodically over the mythical little drowned pigs seldom worry about the idle factory workers and never at all about the unproduced automobiles.

What has been said about automobiles is also true about farm implements, insecticides, fertilizers, insurance, household equipment, and even of many kinds of labor and most professional and other personal services. Production of all these was curtailed so that price could be maintained.

Most devastating of all to the farmer, the boom price levels were also maintained on debts and interest. A thousand dollars borrowed in 1920 represented 350 bushels of wheat, and required 21 or 22 bushels for a year's interest. In 1932 the same debt represented 3,000 bushels of wheat and called for the value of 180 or 200 bushels for interest.

The result of these economic developments has been the gradual impoverishment of the small towns and rural areas, until today in all the great farming regions, there is less and less real wealth each year instead of more and more as there should be.

It is conceivable that in some ideal future state a completely unregulated economic order might work. That this could possibly be brought about in the present generation without violent revolution is a notion too naive to be considered. It would require a reversal of present trends in almost every feature of modern industry from cost accounting to the basic policies of labor unions.

Yet laissez faire cannot continue indefinitely to be applied to some large and important sections of industry, while others operate on the principle of limiting production to control prices, under complete regimentation, not by authorized, elected, responsible government, whose actions all can see, but by an invisible government of a few great financial and industrial leaders.

The real conditions that now actually face us cannot be continued without protecting the unorganized, naturally highly competitive industries. To fail much longer to give this protection will reduce the farmers, the small businessmen and all unorganized workers to a state of peonage, and will cripple the rest of industry, as it has done before, for want of the purchasing power of the underprivileged groups.

A drive through the Cotton Belt, noting the condition both of the landowner and the sharecropper, will show any fair observer how far the process of impoverishment has already gone in one great region.

The least dangerous, the least revolutionary, and the only practical thing to do is for those who depend on the unorganized industries to learn to play the game according to the rules that their organized fellow citizens have made for them. This means that they will organize for their own advantage when they can to meet their disadvantages by cooperation with each other, and to seek enough control of the authorized government so that they may pit it against the unauthorized, invisible government which has been operating industry largely to their disadvantage.

Out of discussions, compromises, and working arrangements among equals, some measure of justice will come. This process is the essence of democracy. It necessarily implies none of the dreadful things that are conjured up by spokesmen of the groups who fear to lose some of the advantages they now believe they hold.

To discuss crop control as if it were the single existing example of curtailment in the production of wealth, to view its implications with alarm without considering with it the tariff problem, the foreign debt, the demoralized condition of European markets—in short, to discuss it at all without considering it as a part of a much larger and infinitely complicated set of problems, is not responsible journalism. (By Roscoe Pulliam, president, Southern Illinois State Normal University, Carbondale, in the St. Louis Post-Dispatch.)

Mr. MCGILL. Mr. President, it shall not be my purpose to occupy a great deal of the time of the Senate in discussing the measure which is now before us.

Mr. McNARY. Mr. President, will the Senator yield so I may suggest the absence of a quorum?

Mr. McGILL. My judgment is that a quorum is present, and I am willing to go forward, because we probably would not have any more Senators present after the call had been completed than we have at this time.

Mr. McNARY. I prefer to send for absent Senators, if the Senator will yield for that purpose.

Mr. McGILL. Very well.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Clark	Hitchcock	Overton
Ashurst	Connally	Johnson, Calif.	Pittman
Austin	Copeland	Johnson, Colo.	Pope
Bailey	Dieterich	King	Radcliffe
Bankhead	Donahay	Lee	Russell
Barkley	Duffy	Lodge	Schwartz
Berry	Ellender	Logan	Schwellenbach
Bilbo	Frazier	Loneragan	Sheppard
Bone	George	Lundeen	Shipstead
Borah	Gerry	McAdoo	Smathers
Bridges	Gibson	McCarran	Smith
Brown, Mich.	Gillette	McGill	Stelwer
Brown, N. H.	Glass	McKellar	Thomas, Okla.
Bulkley	Graves	McNary	Thomas, Utah
Bulow	Green	Maloney	Townsend
Burke	Guffey	Miller	Truman
Byrd	Hale	Minton	Vandenberg
Byrnes	Harrison	Murray	Van Nuys
Capper	Hatch	Neely	Wagner
Caraway	Hayden	Norris	Walsh
Chavez	Herring	O'Mahoney	White

Mr. MINTON. I reannounce the absence of Senators as heretofore announced by me today for the reasons then assigned.

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. McGILL. Mr. President, it is not my purpose to take much of the time of the Senate to discuss this bill. In my judgment the Senator from Idaho [Mr. POPE] has very thoroughly and carefully explained the details and provisions of the bill as it pertains to the commodities of wheat and corn; and I feel that the Senator from Alabama [Mr. BANKHEAD] today has very thoroughly and fully explained its provisions so far as the commodity of cotton is concerned. It is my understanding that later on the Senator from Louisiana [Mr. ELLENDER] will explain the provisions which have to do with rice and tobacco, concerning which he has given special attention.

Coming from what I regard as being one of the principal agricultural States, I feel I should give to some extent my attitude on the measure, and discuss in a brief way the hearings which have been held and which had to do largely with the provisions of the bill.

Prior to the time the Congress adjourned at the end of the last session, as has been referred to by the Senator from Alabama and by the Senator from Idaho, the Congress passed a joint resolution. There are some provisions of that joint resolution to which I desire to make reference. In it the Congress stated:

(1) That farmers are entitled to their fair share of the national income;

(2) That consumers should be afforded protection against the consequences of drought, floods, and pestilence causing abnormally high prices by storage of reserve supplies of big crop years for use in time of crop failure;

(3) That if consumers are given the protection of such an ever-normal-granary plan, farmers should be safeguarded against undue price declines by a system of loans supplementing their national soil-conservation program;

(4) That control of agricultural surpluses above the ever-normal-granary supply is necessary to safeguard the Nation's investment in loans and to protect farmers against a price collapse due to bumper yields resulting in production beyond all domestic and foreign need;

(5) That the present Soil Conservation Act should be continued, its operations simplified, and provision made for reduced payments to large operators on a graduated scale to promote the interest of individual farming;

(6) That, linked with control of agricultural surpluses, there should be research into new uses for agricultural commodities and

the products thereof and search for new uses, new outlets, and new markets at home and abroad.

This joint resolution was first passed by the Senate on August 13, the day on which it was reported as an original joint resolution; was finally passed by the House of Representatives on August 20, and was finally passed by the Senate on August 21. The bill, which was introduced by the Senator from Idaho [Mr. POPE] and myself, known as Senate bill 2787, was introduced in this body on the 15th day of July; and the action taken by the Senate and by the House in passing the joint resolution to which I have referred took place following the introduction of the bill and, in my judgment, set forth practically the fundamentals of the bill now before us.

Following the introduction of the bill there was reported to the Senate by the Senator from South Carolina [Mr. SMITH], the chairman of the Committee on Agriculture and Forestry, an original resolution framed by that committee known as Senate Resolution 158. This resolution was reported on the 23d day of July, following the introduction of the bill by the Senator from Idaho [Mr. POPE] and myself. It was agreed to by the Senate on the 10th day of August of this year, within 3 days prior to the time the Senate first passed the joint resolution of the two Houses, and what did the Senate resolution provide?

Among other things, it provided:

That the Committee on Agriculture and Forestry, or any duly authorized subcommittee thereof, is authorized and directed to conduct investigations and draft legislation to maintain both parity of prices paid to farmers for agricultural commodities marketed by them for domestic consumption and export and parity of income for farmers marketing such commodities; and, without interfering with the maintenance of such parity prices, to provide an ever-normal granary for each major agricultural commodity; and to conserve national soil resources and prevent the wasteful use of soil fertility; and, in particular, so to consider S. 2787. The committee shall report to the Senate, within 1 week from the beginning of the next session of Congress, the result of its investigations, together with its recommendations for legislation upon the subject covered by this resolution.

Reference has been made from time to time in the course of debate to the fact that special consideration had been given by the subcommittee of the Senate Committee on Agriculture and Forestry to Senate bill 2787. After Senate Resolution 158 was agreed to, subcommittees of the Committee on Agriculture and Forestry were appointed by the chairman of the committee. It so happened that he designated me as chairman of a subcommittee consisting also of the Senator from North Dakota [Mr. FRAZIER], the Senator from Idaho [Mr. POPE], and, if I am not mistaken, the Senator from New Jersey [Mr. MOORE]. The Senator from Louisiana [Mr. ELLENDER] worked with that subcommittee a portion of the time. It was understood that we were to hold hearings in the States in which corn and wheat were the major surplus commodities, or at points where farmers from those States could best be heard. With that understanding in view, we held hearings for 3 days at Spokane, Wash.; for 3 days at Boise City, Idaho; for 1 day at Great Falls, Mont.; for 2 days at Grand Forks, N. Dak.; for 2 days at St. Paul, Minn.; for 3 days at Sioux City, Iowa; and for 4 days in my home State of Kansas. We then held hearings for 2 days at Columbus, Ohio, and later for 2 days in New York.

Our schedule was made for all of these engagements, other than the ones at Columbus, Ohio, and later in New York, prior to the time we started the holding of hearings at Spokane, Wash. The Senator from Idaho [Mr. POPE] largely had charge of arrangements for the hearings at Spokane, and I am satisfied from the large number of farmers who attended those hearings that it was well known not only in the State of Washington, but in the State of Oregon, and in northern Idaho, when and where the hearings were to be held. They were well attended, and we heard from every farmer it was possible for us to hear from during the 3 days we were there.

Witnesses or farmers appeared from all of the States I have mentioned at the hearing in Spokane. Farmers ap-

peared in Boise city, Idaho, from the other parts of Idaho, from Utah, Nevada, and parts of Wyoming. At Great Falls, Mont., they appeared not only from Montana, but farmers appeared from Wyoming and some from the State of Nevada.

At Grand Forks, N. Dak., farmers appeared from western Minnesota and from throughout the State of North Dakota. At Sioux City they appeared from South Dakota, Nebraska, and Iowa, and in Kansas they appeared from Kansas, Colorado, and some from the State of Oklahoma came to the hearings in Kansas.

At Columbus, Ohio, we heard farmers from the States of Indiana, Michigan, and Ohio. In New York State farmers came from all the northeastern States except Delaware.

The subcommittee heard from farmers from 29 of the States of the Union. It must be conceded, therefore, I think, that not only were fair hearings held, but they were rather complete hearings, and in my judgment that method of holding hearings is the best way to ascertain the viewpoint of those engaged in agricultural pursuits as to the form legislation should take.

Mr. BONE. Mr. President, was there any unanimity of opinion among these farmers or anything approaching unanimity of opinion for crop control? I am very curious about the reaction the Senator got from the meetings he held. I know they were interesting gatherings.

Mr. McGILL. I think so; and I hope to reach that point in just a moment in my discussion.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. McGILL. I yield.

Mr. McCARRAN. I should like to ask the Senator whether at these meetings to which he has made specific reference there was any particular group of farmers present as distinguished from other groups. In other words, did it impress the Senator that a certain group of farmers were appearing while others were not making an appearance?

Mr. McGILL. No; I was not so impressed. I was impressed with the fact that farmers generally came, and I think that the printed records of the hearings will show that. I hope the transcript of the hearings may be here tomorrow, at least. All the portions with which I had anything to do I corrected several days ago in order that they might be printed. They will disclose the fact that the majority of the farmers who appeared before the subcommittee did not belong to any farm organization.

So far as farm organization groups are concerned, in the State of Washington, let us say, I think the larger portion of those who attended were members of the Grange. Some were members of the Farmers' Union. I think those from Oregon came both from the Farmers' Union and the Grange. As I recall, those were the dominant farm organizations of those States. I may be in error about that, but that is my recollection. In some of the other States there would be more of one group, probably, than of another. But I was not impressed that the hearings were dominated by any particular group.

I wish to go further with that. Reference has been made in the course of the debate to the fact that special emphasis was given by the subcommittee to Senate bill 2787. At each one of the meetings, on the opening day, with the exception of the hearings held at Boise City, Idaho, and Grand Forks, N. Dak., the Senator from Idaho [Mr. POPE] presiding in Idaho and the Senator from North Dakota [Mr. FRAZIER] in North Dakota, I stated to all those assembled who had come to be heard that the hearings were not limited to the scope of any particular bill pending in Congress, that they were not limited to any bill, that witnesses or farmers were at liberty to give their viewpoints as to the form farm legislation should take, whether or not their views were reflected by any bill pending in the National Congress.

Further than that, I called attention to some of the bills that were pending. I called attention to the bill introduced by the Senator from California [Mr. McADOO]. I called attention to the bill introduced by the Senator from Idaho [Mr. POPE] and myself. I called attention to a bill which

was introduced, I think, by the Senator from Iowa [Mr. GILLETTE], and I think a similar bill was likewise introduced in the House of Representatives.

I called attention to such bills as were then pending and emphasized the point that the hearings were not limited to the scope of any bill; that all persons appearing were entitled to give their views, and that if they could not cover their viewpoint within the time they were allowed for oral discussion, they would be allowed, in addition thereto, to prepare in writing any additional material they might wish the committee to have, and either file it with the subcommittee or forward it to the clerk of the United States Senate Committee on Agriculture and Forestry, and that it would be considered a part of the proceedings.

Mr. McCARRAN. Mr. President, will the Senator yield further?

Mr. McGILL. I yield.

Mr. McCARRAN. In the hearings that were conducted, to which the Senator has made reference, do any particular agency or individual appear to arrange the list of speakers or call the speakers who addressed the committee?

Mr. McGILL. As I have said, the Senator from Idaho [Mr. POPE] largely had charge of the arrangements with reference to the committee hearings held at Spokane and Boise City, Idaho. The hearing at Great Falls, Mont., was arranged while we were holding our hearing at Spokane. The clerk of our committee gave notice to every farm organization in Montana and surrounding States—that is, he sent word to the heads of such organizations and gave notice to State officials and Members of Congress.

To some extent I had to do with arranging the proceedings at Grand Forks, N. Dak., St. Paul, Sioux City, and in my home State, and I took the precaution to write a letter to every Member of Congress from the States of North and South Dakota, Nebraska, Kansas, Iowa, and Minnesota, inviting them to have appear before the committee two or three farmers of their districts whom they might regard as well informed on agricultural matters.

In addition to that I wrote to the president of the Farmers' Union of each one of those States and the master of the Grange of each State, and to the president of the Farm Bureau Federation of each State, and where the State had a department of agriculture, I communicated with that department of agriculture, making a similar request to that made of the Members of Congress. So that it must be apparent that there was no such thing as allowing these hearings to be in the hands of any particular group or any particular organization.

Mr. McCARRAN. In view of the fact that I have read in the press, as I suppose others have read, that certain agricultural organizations are opposed to the pending measure, while others favor it, I should like to ask the Senator whether that fact was brought out at the hearings. I ask, by way of illustration, whether the National Grange, for instance, opposed legislation of this kind, while, we will say, the American Farm Bureau Federation supported it, or vice versa?

Mr. McGILL. That would depend, I may say in response to the Senator, on the State about which there might be inquiry.

I feel, and I believe the Senators from that State will concur with me, that in the State of Washington the Grange favored the bill. I think it is also true in the State of Ohio that the State master of the Grange was stronger for the bill than was the president of the Farm Bureau of Ohio. As a matter of fact, I felt that the president of the Farm Bureau of Ohio was opposed to the bill but that the State master of the Grange of Ohio was in favor of it. In some of the other States it will be found that the reverse is true. In my judgment, the bill is favored largely by the Farm Bureau, and many of its principles have now been endorsed by the Farmers' Union in their national convention held in Oklahoma City recently.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. McGILL. I yield.

Mr. SCHWELLENBACH. At this point in the Senator's remarks I should like to ask unanimous consent to insert in the RECORD resolutions by Wilson Creek Grange, No. 935, Wilson Creek, Wash., on this subject, and to state that in my opinion the resolutions very definitely express the opinion and wishes of the Grange of the State of Washington as expressed to me in dozens of letters I have received.

Mr. MCGILL. If the Senator from Washington proposes to insert those resolutions in my remarks, I ask what was their attitude with reference to the bill.

Mr. SCHWELLENBACH. Their attitude was very definitely in favor of the bill and the principles of the bill. A week ago Saturday the State master of the Grange of the State of Washington was in the city of Washington, and he stated without qualification that the Grange of the State of Washington was in favor of this legislation and its principles.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

WILSON CREEK GRANGE, No. 935,
Wilson Creek, Wash., October 23, 1937.

"Whereas it is very evident that farmers are not receiving a parity price for their products; and

"Whereas the prosperity of all farmers and laborers is either directly or indirectly greatly dependent upon the buying power of the farmers; and

"Whereas the President of the United States has called a special session of the Congress for November 15 to consider farm legislation: Therefore, be it now

"Resolved by Wilson Creek Grange, No. 935, assembled in regular session, That we ask our Senators and Representatives to do their utmost in effecting passage of legislation that will give the farmers of the United States crop control together with protection for the consumer, and a parity price for farm products; be it further

"Resolved, That a copy of this resolution be mailed to each of our Senators, to our Representative, to Grant County Pomona Grange, to Grange News, to National Master Brother Louis Taber, also to State Master Brother Ervin King.

"ARCHIE ZECKLER,
"L. F. LORENTZEN,
"J. J. BRYANT,
"Resolution Committee."

Adopted by Wilson Creek Grange, No. 935, without a dissenting vote.

[SEAL]

C. F. MORDHORST, Master.
ROLAND FIESS, Secretary.

Mr. MCGILL. Mr. President, I also desire to state that in the State of Idaho—and if I am not correct the Senators from Idaho who are both on the floor will correct me—the State master of the Grange appeared before the committee in opposition to the bill. Recently he was sent as a delegate to the national convention of the Grange, and was instructed by his State organization to vote in favor of the principles embodied in this bill.

Mr. MCCARRAN. Mr. President, will the Senator yield at that point?

Mr. MCGILL. I yield.

Mr. MCCARRAN. In order that we may be enlightened upon this matter, and in view of certain reports that have come to some of us, did the Senator find at the hearings that the extension agents or the Extension Service was particularly active either one way or the other?

Mr. MCGILL. Soil-conservation committeemen appeared before the committee. One or two members of the extension services may have appeared. I do not recall that any representative of the extension department of any particular college ever appeared. If my recollection serves me right, possibly one such representative in the State of North Dakota did appear. My judgment is that no others appeared.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kansas yield to the Senator from Idaho?

Mr. MCGILL. I yield.

Mr. BORAH. When and where was it that the master of the State Grange of Idaho was instructed to vote for this measure?

Mr. MCGILL. It is my understanding that he was elected as a delegate to the national conventions since we held the

hearings. That was done at Lewiston, I believe. He was instructed to vote in his national convention contrary to the views expressed by him at the time the subcommittee was in Idaho, and in favor of the principles of this bill. Another delegate was elected to go along with him, and both of them had the same instructions. I was advised of that fact not only through reading of it, but the other delegate from Idaho told me that those were their instructions.

Mr. BORAH. I followed the meetings of the convention at Lewiston, and did not see that in the resolutions. I only know that while the convention might have controlled the vote to the master of the Grange it did not control his mind, because he is still opposed to the bill.

Mr. MCGILL. I did not intend to say that the instructions he received from his State organization reflected his mental attitude, but they certainly reflected the attitude of the Grange of the State of Idaho.

Mr. BORAH. I did not discover anything to that effect in the proceedings at Lewiston. I shall find out, so that we may have the absolute record.

Mr. MCGILL. I shall be glad if the Senator will do that.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. MCGILL. I yield for a question.

Mr. McNARY. So long as we are discussing this subject, it might be well—

Mr. MCGILL. I yield for a question only. I am going forward soon with my remarks, and request not to be interrupted until I conclude them; but at this time I am perfectly willing to yield for a question. I do not yield for the purpose of allowing the Senator from Oregon to make a speech in my time.

Mr. McNARY. If the Senator desires to discriminate between the Senator from Washington [Mr. SCHWELLENBACH] and the Senator from Oregon, I am prepared to yield to that desire. The Senator from Kansas permitted the Senator from Washington to express his views concerning the Grange's attitude in that State. I wish to express the Grange's attitude in my section; but inasmuch as the Senator does not desire me to make that a part of the RECORD, I shall do it in my own time.

Mr. MCGILL. I think the Senator should do it in his own time.

Mr. McNARY. I also shall remember the discrimination practiced.

Mr. MCGILL. I did not intend to discriminate against the Senator from Oregon, and I do not believe he has been very much discriminated against by what I have done. It certainly must be apparent that to rise on the floor of the Senate in my time and ask to discuss the proceedings of the convention of the National Grange is hardly a proper interruption of one Senator by another.

Mr. BONE. Mr. President, will the Senator yield?

Mr. MCGILL. I yield.

Mr. BONE. It is going to be necessary for some of us to see a part of this picture through the eyes of the Senator from Kansas, who had the advantage of going about the country and interviewing a great many farmers and farm groups; and when the Senator is discussing the bill I hope he will also go beyond my request made a few minutes ago and enlighten us as to whether or not the farmers, for instance, producing one commodity, like wheat, had some unanimity of opinion as to how that commodity should be handled. I am very curious about that, because my State is a wheat producer. Other States are great wheat producers. I am very curious as to whether those farmers had any unanimity of opinion at all as to any mode of procedure in handling surplus crops.

Mr. MCGILL. I did wish to make a statement with further reference to the hearings, and then I shall be glad to pass from that portion of the discussion.

Insofar as concerns the question of the subcommittee in its hearings emphasizing Senate bill 2787, I do not think that was done beyond questioning farmers who appeared before the committee who made reference to the principles

involved in the bill or to the bill itself. If the bill was referred to by members of the subcommittee more than any other bill pending in Congress, the committee was doing nothing other than to carry out the instructions of the Senate in the Senate resolution authorizing and directing the hearings, and directing the committee to give particular attention to that bill.

So I feel that all reference heretofore made to partiality with reference to notice of the hearings of the subcommittee, and opportunity for persons to be heard, is fully and completely answered by our statement that we had farmers appear before us from 29 of the agricultural States.

Mr. President, I have views on this measure that I do not believe are at variance with any of those expressed by other proponents of the bill in the Senate who have preceded me; but I do wish to discuss the measure in my own peculiar fashion, and to give my views with reference to some of its provisions. During that period I should prefer not to be interrupted, because I would like my statement clearly to reflect my views in chronological order.

Mr. President, the objective of the bill is to regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent necessary to provide such adequate and balanced flow of such commodities as will maintain a parity of prices, and thereby a parity of income, to the farmers producing such commodities marketed for domestic consumption and export and, insofar as will not interfere with the maintenance of parity prices, provide an ever-normal granary for wheat and corn and conserve national soil resources and prevent the wasteful use of soil fertility.

"Parity," as applied to prices for such commodities as is stated in the bill, is to be that price for the commodity as will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the period from August 1909 to July 1914. Except as to tobacco, the period shall be from August 1919 to July 1929, the theory being that the purchasing power of such commodities shall be the general average purchasing power such commodities had during such base periods; that, if parity of prices is attained to the producers of such commodities, it will thereby bring to pass a parity of income to such producers.

As contemplated in the bill, interstate or foreign commerce means sale, marketing, trade, and traffic between any State or Territory or the District of Columbia or Puerto Rico, and any place outside thereof, or points within the same State or Territory or within the District of Columbia or Puerto Rico through any place outside thereof, and the term "affect interstate or foreign commerce" means, among other things, in such commerce, or to burden or obstruct such commerce or the free and orderly flow thereof, or to create or tend to create a surplus of any such agricultural commodity which burdens or obstructs such commerce or the free and orderly flow thereof.

It will be observed that to attain parity of prices to the farmers producing such agricultural commodities as are specified in the bill would mean that such commodities at all times have the same purchasing power with regard to articles that farmers buy as those commodities had in the base period. Prices of articles farmers buy reflect increases in industrial wages, costs of living, and production generally, and, therefore, to attain a parity of prices would mean that the farm price for either of such commodities would follow and keep pace with the rise and fall of the farmer's cost of living and production, all with regard to the cost of articles that farmers buy. It is a theory of the bill that for any given period or throughout the years farmers will not only attain a much larger income but also more of a stabilized income if the selling prices of their commodities are brought more in harmony with costs of living and production than for them to receive peak prices during periods of scarcity when there is a small quantity of farm products to sell and depression prices during years of overabundance.

The provisions in the bill as to wheat and corn contained in title I with reference to an ever-normal granary should not be misconstrued. The language of the bill is clear in its provisions wherein it is stated that it is the policy to provide an ever-normal granary for wheat or corn when such a policy would not interfere with the maintenance of parity prices. The language is:

Without interfering with the maintenance of such parity prices provide an ever-normal granary for each such commodity.

It is against the philosophy of the bill to build up abnormal surpluses. It is the philosophy of the bill to attain parity prices. A fair construction of the bill is that with regard to either wheat or corn the policy is to be to adjust production of those commodities for the control of surpluses to the point where there will be for market and marketed normally what the domestic and foreign markets require and will take, plus a normal carry-over not too large as to interfere with parity prices.

There are, for example, different classifications, types, and grades of wheat which are in a sense separate commodities and, if this bill should become the law, may be treated as separate commodities if such treatment is necessary in order adequately to effectuate the policy of this act with respect to market classification, type, or grade. The white wheat of the Northwest, the soft red winter wheat, hard red winter wheat, and durum wheat could be treated as separate commodities. We frequently find ourselves short of an adequate supply of durum or high-protein wheat, such as is produced in States like North Dakota and Montana. The wheats imported are of that type, and are necessary for blending with other wheats in order for the millers to make the high-grade flour used by our people. It would seem proper to store in granaries any surplus we may have of that type of wheat if there be years in which we produced more than our market requirements. Of the other wheats we never have a shortage, and to my mind no granary would be necessary other than what might be termed, and as heretofore has been considered as, a "normal carry-over." This, to my mind, is in line with the viewpoint of the Secretary of Agriculture, Mr. Wallace. Let me quote from a speech delivered by him in my home city of Wichita, Kans., on Tuesday the 23d of this month, on the subject of A National Wheat Program:

Any adjustments in wheat acreage beyond the needs of soil conservation should not be construed as an effort to control the world price of wheat. The United States production of wheat is only one-fourth of that of the world, and naturally we cannot hope to control the world price. But, since the price of wheat in the United States is responsive not only to the world market but to conditions at home, it is important to guard against the piling up of supplies so great as to cause a price collapse. Hence the provision for wheat acreage goals.

The third part of the program would be the creation of an ever-normal granary for at least the hard wheats. Such a granary would not be needed for the white wheat of the Northwest, of which there is practically always an exportable surplus, or for the soft red winter wheat, which is always available in plentiful quantities.

But a granary for the hard wheats of the Great Plains would be very useful. The hard red wheats are in demand by the mills of this and foreign countries for mixing with the soft red wheat.

If production is adjusted so as to bring to pass an adequate and balanced flow of the commodities of wheat and corn such as is contemplated by the provisions of title I of this bill, which are in line with the views expressed by the Secretary of Agriculture, it will mean the attainment of approximately parity prices for wheat and corn on the markets of this country; and if that end be attained, and it can be, the cost to the Government under title I, pertaining to wheat and corn, will be only nominal in addition to the administrative expense and well within the cost at least for those commodities of the present soil-conservation program.

If the average market price for the year is parity or above parity or as high as the maximum income rate provided in schedule A, there would be no parity payments and the surplus reserve loans would be more than adequately secured. I mean by this that the surplus reserve loans become

available to the producer at the beginning of the marketing year. The parity payments are not due until the end of the marketing year. If parity or above parity, or even the maximum income rate set forth in schedule A, is attained and maintained on a general average for the entire year on the markets of the country for wheat and corn, no parity payment would then be due to the producers of such commodities, and if surplus reserve loans had been made at the beginning of such marketing year, their repayment would be assured. This is the philosophy of the bill insofar as parity prices, reserve loans, and parity payments are concerned, and if followed will result in great value not only to the producers but to all elements of our society, as well as an adequate and balanced flow of such commodities into both interstate and foreign commerce.

It is not my purpose in these remarks to treat in detail with provisions of the bill section by section for the reason that its details have been so amply and ably explained by the junior Senator from Idaho [Mr. POPE], and as matters pertaining to them will doubtless arise upon the consideration of the various committee and other proposed amendments to the bill, but I do wish to impress upon the Senate, if I may, the objectives of the bill and the reasonableness of accomplishing their attainment.

Under the provisions of the bill a normal year's domestic consumption shall be the average quantity of the commodity produced in the United States that was consumed in the United States during the preceding 10 marketing years adjusted for current trends in such consumption. A normal year's exports shall be the yearly average quantity of the commodity produced in the United States that was exported from the United States during the preceding 10 years adjusted for current trends in such exports. A marketing year for wheat is from July 1 of one year to June 30 of the following year; for corn from October 1 of one year to September 30 of the succeeding year. Total supply of wheat or corn is the carry-over at the beginning of the marketing year plus the estimated production thereof in the United States during the calendar year in which such marketing year begins. In this connection it is important to note that the normal supply for wheat is a normal year's domestic consumption and exports plus 10 percent thereof as an allowance for a normal carry-over, and for corn it is a normal year's domestic consumption and exports, which means that a normal supply for wheat is established at about 750,000,000 bushels and corn 2,375,000,000 bushels.

Under the terms of the bill, if the Secretary of Agriculture shall find as of the beginning of a marketing year that the total supply of wheat will exceed the normal supply of 750,000,000 bushels by more than 10 percent, he shall proclaim the amount of such total supply and on the 15th day after such proclamation a marketing quota as to that commodity shall be in effect subject to the referendum clause of the bill, and the same principle applies with reference to percent of normal supply and marketing quotas in regard to the commodity of corn.

If adjustment of production and marketing quotas are employed to provide a normal, adequate, and balanced flow of such commodities into interstate and foreign commerce, it is my contention that then and in that event there will be approximately parity prices on the markets of this country for such commodities and that small or no parity payments by the Government will be required on them or either of them, and no losses could be sustained by reason of surplus reserve loans made at the beginning of the marketing year on either of said commodities. This end, in my judgment, can be attained, and at the same time provide adequate supplies for domestic consumption and all profitable exports.

The interests of the small farmer, to my mind, are cared for in this title, wherein it is provided with reference to wheat and corn that neither of those commodities shall be deemed to be produced for market whenever the amount thereof produced and consumed annually on the farm is

more than 75 percent of the normal yield, and that whenever in case of corn the normal yield on the soil-depleting base acreage is less than 300 bushels and in wheat is less than 100 bushels and the acreage devoted does not exceed the base acreage.

It is a policy of the bill to go forward with conserving our national soil resources, and to do so, among other methods, through preventing the production of surpluses which expend our soil fertility without commensurate return to the farmer or the public, and for which there are no adequate markets, present or prospective.

Soil Conservation Act payments are not to be made to non-cooperators who are eligible to become such, and in lieu of payments under such act with respect to wheat and corn produced for market cooperators shall receive the parity payments under adjustment contracts, provided that if for any year an eligible farmer produces no wheat or corn for market, but devotes to soil-conservation uses the acreage customarily devoted to such production, such farmer would then be entitled to Soil Conservation Act payments, whether or not he had become a cooperator. It is my contention that this measure would assure to the producer of the commodities of wheat and corn substantially a parity return for normal supplies of such commodities; that such return is fair to all elements of our population and tends toward the promotion of national prosperity. A parity price for wheat and corn would tend to eliminate violent fluctuations in the cost of feedstuffs. This, it would seem to me, would be of great value to the dairy and livestock farmers by stabilizing the price for said products and would tend toward dairy and livestock farmers obtaining a parity income.

In maintaining parity price and thereby parity of income the importance of the direct effect upon maintaining such price of the surplus reserve loans is vital in that they will permit more orderly marketing and enable the farmer to withhold and store a large part of the normal carry-over.

The base acreage established by the bill for each of the commodities of wheat and corn is approximately the average acreage during the past 10 years necessary for the production of the quantities of each of said commodities contemplated under the terms of the bill and are sufficiently large to cover an aggregate base acreage equal in amount to that recognized under the existing Soil Conservation and Domestic Allotment Act. The national base acreage is to be allotted among the States on the basis of the acreage devoted to production of the commodity during the preceding 10 years with adjustments for abnormal weather conditions and trends.

The State acreage is allotted among counties in local administrative areas within the State. The local allotments are allotted among the farms within the area through local committees of farmers, to be equitably adjusted by the committee among such farmers, the adjustment to be made on tillable acreage, type of soil, topography, and production facilities.

To my mind the administration of this measure, other than by employees of the Department of Agriculture, by the farmers in the several States and localities, is important for the reason that it would seem to give the farmer the largest practicable control in the administration of the provisions of the bill. The Secretary of Agriculture would be required to use State committees selected by the farmers of the States and local committees selected by the farmers of a county.

We are beginning now to hear from those, the great majority of whom are not farmers, but who contend that any agricultural program calculated to be of real and substantial value to the producers of agricultural commodities is coercive and destructive of freedom. It should be borne in mind that there is not much liberty or freedom of action to the producer whose farming operations must be carried on under economic conditions which cause him to sustain a financial loss each year in carrying on his business. Farmers are entitled to receive their fair share of the national income. The facts are that today the farmers constitute approximately 30 percent of our population and are receiving ap-

proximately 11 percent of our national income. It has long been a recognized fact that the agricultural industry is the basic industry of the Nation and that, without it, other industries could not thrive or survive. It is of paramount importance to every citizen of the land that this great industry be able to go forward on a paying basis.

Mr. GILLETTE rose.

Mr. MCGILL. If I may conclude in just a moment, I shall then be glad to be interrupted by the Senator, and answer any questions I am able to answer.

Mr. GILLETTE. Very well.

Mr. MCGILL. Any reasonable-minded person must agree that the economic factors affecting agriculture should be such as to enable one engaged in farming, who diligently applies himself to his farming operations, regardless of the location of his farm, to derive from his efforts not only the cost of his farming operations but a reasonable and fair profit in addition thereto; and this should be so whether his cost of operations are of the general average cost in the country or otherwise.

The economic maladjustment of agriculture has been recognized in the party platforms of both of the major political parties over a long period of years with pledge upon pledge to adjust the economic factors adversely affecting the farmers of the country to the end that they may be placed upon an economic equality with other industries.

Insofar as adjustment contracts are concerned to bring production and supply more nearly in line with both domestic and foreign market requirements, virtually all farmers appearing before the subcommittee which held hearings in the wheat- and corn-growing sections of the country, testified that they regarded such a program as wholly voluntary and in no wise coercive and that they had at all times so regarded such a program. These farmers further stated their view to be that farming, which constitutes the agricultural industry, is national in scope rather than local; that the economic factors affecting farmers in no wise are, or can be governed or controlled within State lines; and that by reason of the great number of farmers throughout the country, it is impossible for them to organize and place their industry on a business basis, as is possible in other industries, without the aid of legislation at the hands of the National Congress.

Farmers cannot, as manufacturers do, control their output in order to maintain a fair standard price. The farming population is entitled to have enacted in its behalf by the National Congress a law providing an avenue whereby the great industry of agriculture can be placed by those engaged in it on a business basis. In no other way can the agricultural industry prosper and thrive; and when it does prosper and thrive national recovery will soon be an accomplished fact.

In my judgment, this bill is not only a long step in the right direction, but it is a direct and long step toward attaining the desired goal for the farmers of the country. That it is perfect, no one will contend; but it does provide, in my judgment, the best program thus far proposed. The time is here when the pledges often made to the farmers of the country should be fulfilled to the utmost of our ability to fulfill them.

In my judgment, this bill, being one to regulate interstate and foreign commerce in the commodities designated in the bill to the extent necessary to provide an adequate and balanced flow of such commodities in interstate and foreign commerce, and thus being based on the commerce clause of the Constitution, as it should be, is well within constitutional limitations and within the power of the Congress to enact it.

I do not propose to enter upon a detailed discussion of the constitutionality of the measure, as that would be only a reiteration of what has been said on this floor in the course of debate thus far, and constitutes a phase which has been well and ably covered by the junior Senator from Idaho [Mr. POPE]; but my purpose is to emphasize the general philosophy

of the bill and the practicability of its administration. That it is constitutional, I have no doubt, and I contend that it falls well within the principles involved in the opinions handed down by the Supreme Court upholding the validity of the Labor Relations Act.

I am not unmindful of the decision of the Supreme Court in the Hoosac Mills case holding the original Agricultural Adjustment Act unconstitutional. The issue here involved, however, was not involved in that decision, as was expressly stated in the majority opinion. Referring to section 8 of Article I of the Constitution the Court said:

The third clause endows the Congress with power "to regulate commerce * * * among the several States."

Despite a reference in its first section to a burden upon, and an obstruction of the normal currents of commerce, the act under review does not purport to regulate transactions in interstate or foreign commerce. Its stated purpose is the control of agricultural production, a purely local activity, in an effort to raise the prices paid the farmer. Indeed, the Government does not attempt to uphold the validity of the act on the basis of the commerce clause, which, for the purpose of the present case, may be put aside as irrelevant.

It is well to note that that legislation was sought to be upheld by the Government through the taxing power conferred upon the Congress to provide for the general welfare.

Insofar as agricultural production being a local matter is concerned as involved in the constitutional question before us, it should be considered in the light of the decisions of the Court and in their opinions upholding the validity of the Labor Relations Act.

In the Jones & Laughlin Steel Corporation case, decided April 12, 1937, the Court in the syllabus said:

Although activities may be intrastate in character when separately considered, if they have such a close and substantial relation to interstate commerce that their control is essential or appropriate, to protect that commerce from burden and obstructions Congress has the power to exercise that control.

The Court further said in the syllabus:

The close and intimate effect which brings the subject within the reach of Federal power may be due to activities in relation to productive industry although the industry when separately viewed is local.

The Court in the opinion stated:

Although activities may be intrastate in character when separately considered if they have such a close and substantial relation to interstate commerce that their control is essential or appropriate, to protect that commerce from burdens and obstructions Congress cannot be denied the power to exercise that control.

I contend that if the laborer engaged at a steel plant or in a drygoods manufacturing concern whose labor in producing is entirely local in character as was true in the cases involved in the decisions of Jones & Laughlin and Freedman, Harry Marx Clothing Co., is so related to interstate commerce by reason of the fact that a certain percentage of the production of such laborers' work later would be transported in interstate commerce, then certainly it must be held that agricultural production which flows from the farms of every State in the Union into interstate commerce throughout the several States is likewise within the commerce clause of the Constitution and within the power of the Congress to legislate concerning it.

Mr. President, I have occupied the floor longer than I had intended, but I did wish to state my conclusions as to the philosophy of the bill in such a way that I could not be misunderstood.

Mr. GILLETTE. Mr. President—

The PRESIDING OFFICER (Mr. MINN in the chair). Does the Senator from Kansas yield to the Senator from Iowa?

Mr. MCGILL. I yield.

Mr. GILLETTE. In the course of the Senator's remarks, when he was referring to the administrative provisions of the bill, I think he inadvertently stated that it was to be administered by the county committees and State committees selected by the farmers themselves. The bill does not so

provide, I am sure the Senator will recall. The administrative units are to be selected by the administrative committees. The county committees are to be composed of the chairmen of the administrative committees, and the State committee is to be selected by the Secretary of Agriculture, and not selected by the farmers, as provided on page 75.

Mr. MCGILL. I have in mind subdivision (b), line 15, on page 73, as follows:

The Secretary shall designate local administrative areas as units for the administration of programs carried out pursuant to this title, the Soil Conservation and Domestic Allotment Act, and such other agricultural laws as he may specify. Farmers having farms lying within any such local administrative area, and participating or cooperating in programs administered within such area, shall elect annually from among their number a local committee for such area.

That is what I had in mind, that the farmers would have opportunity of selecting the committee.

Mr. GILLETTE. The chairmen of the local committees, then, shall constitute the county committee. The State committee is to be selected by the Secretary of Agriculture. I know the Senator inadvertently referred to that.

Mr. POPE. Mr. President, let me ask the Senator whether this is not his construction of the bill, in a large way, with reference to corn and wheat. There is first provided a purely voluntary way in which the farmers may reduce their production—the Secretary is to make a calculation of the number of acres necessary to be planted that will produce the amount of wheat that will bring about a balanced supply. Therefore, under the contract, in a purely voluntary fashion, the farmers can balance the supply. But, if they fail to do so, I ask the Senator if the provision for an ever-normal granary does not come into play at a certain time when only the cooperators comply, and it is only when one gets 10 percent beyond the normal supply that the compulsory feature, if there is a desire to call it that—the marketing quota—comes into play. So that under the program, in reference to corn and wheat, there would be given to the farmers a full opportunity for them to do the job. If they fail to do so, the bill then gives power to the Secretary, after a referendum, to accomplish the purpose desired.

Is not that the difference between the bill as it applies to corn and wheat and as it applies to the other commodities covered in the bill? The voluntary program is not presented to the farmers to make their own reductions as to the others, whereas with reference to these two commodities it is given to them.

Does not the Senator also agree that that is the apparent sentiment of the great majority of the people who produce those two commodities?

Mr. MCGILL. I think the Senator has stated correctly the proper interpretation to be placed upon the bill. As the bill is now drawn, with reference to wheat, the marketing quota would become effective after the production of 10 percent more than normal; subject, however, to the action which might be taken in the referendum. But I agree with the Senator's interpretation.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. MCGILL. I yield.

Mr. AUSTIN. I was interested in that part of the very able Senator's presentation relating to the reason for the provisions of the bill; that is, the statement which dealt with the relative importance of the five basic commodities mentioned in the bill. I wonder whether the committee intended to regulate the production of all of the major basic agricultural commodities, or to select only five, say, five out of six, for example.

Mr. MCGILL. As the Senator will recall, the bill originally was introduced on the 15th day of July, and I think it was the theory of the Senator from Idaho [Mr. POPE] and myself, who introduced the bill, that the prices of the five commodities which are now designated in the bill have a very direct bearing upon commodity prices generally

throughout the country, and that that has been the history of those commodities. When the prices of those commodities were high, or substantially normal, that was likewise generally true with reference to most commodity prices. However, whether we are correct in that conclusion or not, of course, is a subject of debate.

As I have said, the bill with those commodities specified was introduced in July, and following that, in August, a joint resolution of the two Houses of Congress was passed. In August the Senate also adopted a resolution of its own directing that hearings be conducted, and specifically instructed the Committee on Agriculture and Forestry to give particular consideration to the provisions of the bill now pending.

I have never, at any time during any of the proceedings of the committee, known of anyone who has asked to have any other commodity added as a basic or a named commodity.

Mr. AUSTIN. Then, Mr. President, I understand that the answer excludes any design to regulate or limit the production of other major basic commodities. Is that correct?

Mr. MCGILL. Not by virtue of this bill. I do not know what may be enacted in the future. If other commodities were to get out of joint with our economic welfare, Congress probably would take notice of that.

Mr. AUSTIN. After the discussion which has occurred here relating to the bill on several days does the Senator recognize that the bill regulates other major basic commodities—for example, milk? This bill regulates the production of milk; does it not?

Mr. MCGILL. Indirectly; yes.

Mr. AUSTIN. Yes; but it makes very little difference to the milk producer whether he "gets it in the neck" directly or indirectly.

Mr. MCGILL. In my judgment, the milk producers or dairymen ought to be in a more satisfactory position if they have a steady and adequate flow of feedstuff and a rather normal price from year to year than if they have abnormally high prices some years and abnormally low prices other years, and have an adequate supply of feed one year and an insufficient supply another year. I think the bill is in the interest of the milk producers and the dairymen.

I might go further and say that the dairymen who appeared before our subcommittee from the States of Wisconsin and northeastern Iowa, and also one or two dairymen who appeared in New York State—I cannot say what States they were from, but I think they were from the State of New York—asked that the dairy industry be included in the bill.

Mr. AUSTIN. Yes. I suppose the committee considered what is represented in the report made by the majority of the House committee on the House bill, that in 1936 and 1937 the relative importance of milk as a basic commodity to these other five commodities, expressed in dollars, was as follows:

Milk—

Mr. MCGILL. I will say to the Senator that I am not at all familiar with the House report. I have not seen the majority report or the minority report of the House committee, and those reports were made following the action of the Senate Committee on Agriculture and Forestry.

Mr. AUSTIN. That does not change my question at all. I refer to these figures as reflecting the relative importance of these six commodities:

Milk, \$1,761,000,000.

Cotton, lint, and seed, \$947,797,000.

Corn, \$1,518,411,000.

Wheat, \$624,338,000.

Tobacco, \$269,061,000.

Rice, \$40,730,000.

Did the committee consider it to be true that milk occupied, as measured by value in dollars, an importance as a

basic commodity comparable with the five commodities for which provision has been made?

Mr. MCGILL. I assume that the Senator sponsors those figures as correct.

Mr. AUSTIN. No, no.

Mr. MCGILL. Then how do I know whether or not they are correct?

Mr. AUSTIN. I do not know, and I did not ask the Senator to assume that they are correct. I used them by way of making the point to my question; namely, did the committee consider milk of relatively as great importance, measured in dollars and cents, as the five other commodities named there?

Mr. MCGILL. I do not know that the question arose at all before the committee in just the form in which the Senator has put it. I do know that no request was made before the full committee by any Member of Congress or by any citizen to have the commodities designated in the bill changed in any way or that any other commodities be added to those. If the Senator desires to have milk and the dairy interests put in the bill in some form, that is a matter that he should consider and concerning which he may offer an amendment.

Mr. AUSTIN. Mr. President, I doubt very much if the Senator would like that; but the Senator would like to have a great commodity like milk considered by the committee, and not place upon that commodity extraordinary burdens for the purpose of supporting the benefits given to the other five commodities. I have grave doubts whether any milk producer in Vermont, New England, or anywhere in the United States realizes that this particular bill would make possible the regimentation of his acres on a basis of all the corn acreage of the great Middle West, so that his agricultural practice for generations on his farm would be entirely changed by an acreage quota fixed in Washington.

I doubt if any milk producer realized the possibility of being curtailed in the production of corn to feed his own herds by reason of the quota fixed for those agriculturists who deal principally in corn. That obviously is one of the tremendous burdens enforced upon our producers of milk, if they sell milk.

Mr. MCGILL. The viewpoint of the Senator is not that entertained by dairymen who appeared before our committee. Their viewpoint was that if the farmers producing wheat and corn, and such commodities as those, had an enhanced purchasing power, it would reflect itself into areas where dairy products are sold, and would be of advantage to the dairymen and the milk producers of the country.

Mr. POPE. Mr. President, will the Senator yield?

Mr. MCGILL. I yield.

Mr. POPE. I may also add to what the Senator from Kansas has said, that in order to make as sure as we can that the results will not happen as indicated by the Senator from Vermont, an amendment has been prepared which I think will be of value, and I will read that into the RECORD, so the Senator from Vermont may have the opportunity to study it. I should be glad to have his opinion on it after he has given it his consideration.

Whenever the Secretary has reason to believe that incomes of producers of livestock or livestock products in any area are being adversely affected by increases in conserving crops in another area resulting from any program formulated pursuant to the provision of this act or the Soil Conservation and Domestic Allotment Act, he is authorized to conduct an investigation to determine the facts. If he finds that incomes of producers of livestock and livestock products are being so affected as to result in such program, he is directed to place such restrictions upon the use of conserving crops grown in excess of the usual acreage in any area as he deems necessary to protect the interests of producers in the affected area.

The Senator will note that that has to do with an increase in conserving crops that may bring on larger herds and larger production, and does not have to do directly with the point which the Senator has raised. I desire the Senator to consider this. The Senator from Kansas is entirely correct. The statement made by practically all the witnesses who appeared,

as I recall, was that they would prefer to have a uniform steady supply of food products at a reasonable price than to have a great supply one year and a scarcity the next year. They then would know on what to count in the way of feed costs. I think the record will show that almost all the livestock and dairy people recognize that fact, and therefore one after another would say, "I think your ever-normal-granary idea is desirable, but we do want you to keep our interests in mind so that we will not be injured in one way or another." I think that is a fair statement.

Mr. AUSTIN. Mr. President, I am glad the amendment is going to be offered. The principle of it seems to trend in the right direction, but it does not reach the point I make, that the provisions of the bill, by their operation, say to the farmer in the northeastern part of the United States, "You and your forefathers have raised 150 bushels of corn and fed it on the farm and sold the milk, but hereafter your acreage is to be curtailed. You cannot plant of corn ground more than so many acres because the allotment based upon this national plan brings your small farm down to this particular acreage." The amendment will not reach that condition. It is true that the milk producer desires stability of price and stability of production, and in that regard he is on sound ground. He does desire this; but the price he is asked to pay for it—there is the rub. Does the bill ask of him a surrender of the practices of himself and his forefathers for generations, and actually compel him to reduce the number of cattle he may have and the quantity of milk he can sell? We do not want that. That is too great a price to pay.

Mr. POPE. I may say that I appreciate very clearly the point the Senator is making. All I can say is that there is under consideration a regional application such as I suggested the other day, and I think perhaps further consideration will be given to that matter. But if some regional application is not worked out as a result of conferences on the bill or yet in the Senate, then I would say that is one of the prices that a farmer would have to pay for what is apparently in the interest of the welfare of all. That is constantly being done under almost every law that is enacted. Something which in the past we have called "liberty" is given up in the interest of the welfare of the greater number. If the application is general throughout the country and is not limited to a region such as I have suggested, then that is the price that would be paid. I think it would not be a greater price than men have paid in conformance with other laws for the benefit of the whole many times in the past.

Mr. President, I wish to invite the attention of Senators to some charts which I have prepared and placed on the walls of the Senate Chamber. I hope Senators will take a few moments to study them. The idea came to me after reading an editorial in the Washington Daily News. I am going to read a few lines of it in order to make the point with reference to the charts. The editorial is entitled "Doing Something for Farmers," and I read from it as follows:

The 97-page farm relief bill now being debated by the Senate is full of language like this:

"The marketing quota for any farm shall be the amount of the current crop of the commodity produced on the farm less the normal yield of the fair acreage planted to such crop in excess of the percentage, as proclaimed under this section, of the farm's soil-depleting base acreage for such crop."

That language was apparently not clear to the editor. I read further:

The House farm bill is shorter—86 pages—and more carefully drawn. But it, too, is exceedingly complicated. It is doubtful whether one-tenth of the Members of Congress understands what either bill really means or how it would operate.

That editorial statement may or may not be true, but I certainly would not think that 1 out of the 96 Members of the Senate, if he would take the trouble to look at a chart in which that formula is applied, could not understand it within 2 or 3 minutes. I think the editor of this paper could also understand it, but we are suffering from the statement of a formula which can only be explained clearly by charts or

figures making an application. The charts have been prepared. The one that deals with this particular matter appears at the right of the door.

I invite the attention of Senators to the charts and an examination of them. Each apparently obscure provision of the bill involving a formula has been carefully worked out, so that only additions and subtractions, and occasionally a multiplication, have to be made in order to reach the results.

I may say incidentally that the instance which I gave to the Senator from Oregon [Mr. McNARY] just before the close of the last session is also worked out on one of the charts in figures and is on the wall. If the Senator from Oregon and I had had that chart we could have understood the situation within a moment or two instead of taking between 10 and 15 minutes to get into the RECORD an explanation of what is meant by the apparently obscure provision of the bill, but which, when put down in figures, becomes so clear that anybody who can add or subtract can easily understand it.

I have had the charts placed on the wall. I have picked out what apparently are obscure provisions of the bill, including the one which troubled the editor of the Daily News. I think any Senator can examine them and understand them in a few minutes. I shall be available to explain them at the request of any Senator at any time.

Mr. ELLENDER. Mr. President, it is my desire to discuss somewhat at length the bill now before the Senate, but it is almost 5 o'clock, the hour at which we have been recessing. I inquire if the Senator from Kentucky [Mr. BARKLEY] desires to recess at this time? If so, I am willing to yield to him for that purpose, provided I may have the floor tomorrow when the Senate reconvenes.

Mr. BARKLEY. That is agreeable to me.

The PRESIDING OFFICER. The Senator from Louisiana is recognized and will have the floor tomorrow.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Callaway, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 2675) to amend certain sections of the Federal Credit Union Act approved June 26, 1934 (Public, No. 467, 73d Cong.), and it was signed by the Vice President.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MINTON in the chair) laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of several officers for promotion and for appointment, by transfer, in the Regular Army.

Mr. KING, from the Committee on the Judiciary, reported favorably the nomination of Finis J. Garrett, of Tennessee, to be presiding judge of the United States Court of Customs and Patent Appeals, vice William J. Graham, deceased.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers and citizens for appointment in the Navy and in the Marine Corps.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

Are there further reports of committees?

QUARTERMASTER OF MARINE CORPS

Mr. WALSH. Mr. President, from the Committee on Naval Affairs, I report two nominations and ask unanimous consent for their immediate consideration. The first is the nomination of Col. Seth Williams, assistant quartermaster, to be the Quartermaster of the Marine Corps, with the rank of brigadier general, for a period of 4 years from the 1st day of December 1937.

The PRESIDING OFFICER. Is there objection to the present consideration of the nomination? The Chair hears none, and, without objection, the nomination is confirmed.

CHIEF, BUREAU OF YARDS AND DOCKS

Mr. WALSH. The other nomination which I report at this time is that of Civil Engineer Ben Moreell, to be Chief of the Bureau of Yards and Docks in the Department of the Navy, with the rank of rear admiral, for a term of 4 years from the 1st day of December 1937. I ask unanimous consent for the immediate consideration of the nomination.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the nomination? The Chair hears none, and, without objection, the nomination is confirmed.

Mr. WALSH. Mr. President, in view of the fact that both nominations are effective from the 1st day of December, I ask that the rule requiring confirmations to lay over 1 day be suspended and that the President may be notified.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be notified.

If there be no further reports of committees, the clerk will state in order the nominations on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the calendar.

RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock p. m.) the Senate took a recess until tomorrow, Tuesday, November 30, 1937, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate November 29 (legislative day of November 16), 1937

UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

Joseph R. Jackson, of New York, to be associate judge of the United States Court of Customs and Patent Appeals, vice Finis J. Garrett, nominated to be presiding judge of said court.

PUERTO RICO RECONSTRUCTION ADMINISTRATION

Miles H. Fairbank, of Maryland, to be assistant administrator of the Puerto Rico Reconstruction Administration.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 29 (legislative day of November 16), 1937

DEPARTMENT OF THE NAVY

Ben Moreell to be Chief of the Bureau of Yards and Docks in the Department of the Navy with the rank of rear admiral.

MARINE CORPS

Col. Seth Williams to be the Quartermaster of the Marine Corps with the rank of brigadier general.

POSTMASTERS

ILLINOIS

Melvin Manecke, Argenta.
 Gerd Willms, Crescent City.
 Alice D. Condit, Elsau.
 Helen H. Wiebers, Emden.
 Leah Pearl York, Hartford.
 Keith K. Angle, Hillview.
 Urban A. Tempel, Ivesdale.
 Charles T. Gilbert, New Canton.
 Winifred G. Whitham, Ontarioville.
 Hazel E. Strobel, Ransom.
 Mollie E. Patterson, Waltonville.
 Martha H. Prevo, West Union.

MISSOURI

Villa R. Harris, Annapolis.
 John Feters, Jr., Baring.
 Marion T. Clymore, Urbana.

HOUSE OF REPRESENTATIVES

MONDAY, NOVEMBER 29, 1937

(Legislative day of Thursday, November 25, 1937)

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 12 o'clock noon.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 2675. An act to amend certain sections of the Federal Credit Union Act, approved June 26, 1934 (Public, No. 467, 73d Cong.).

ELIXIR SULFANILAMIDE MASSENGILL

The SPEAKER laid before the House the following letter from the Secretary of Agriculture, which was read, and, with the accompanying documents, referred to the Committee on Interstate and Foreign Commerce and ordered printed.

NOVEMBER 25, 1937.

HON. WILLIAM B. BANKHEAD,

Speaker, House of Representatives.

DEAR MR. SPEAKER: Respectfully submitted herewith is my report on Elixir Sulfanilamide Massengill, requested in House Resolution 352 of November 18, 1937.

Sincerely,

H. A. WALLACE, *Secretary.*

EXTENSION OF REMARKS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address I made at Columbus, Ohio, a few nights ago on the subject of Rural Electrification at Yardstick Rates.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address delivered by Bishop Freeman at Constitution Day services last Thursday.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MAHON of South Carolina asked and was given permission to extend his own remarks in the RECORD.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, thanking Governor Murphy in behalf of many people in my district for

his stand on the sit-down strike, and to include in my remarks a short article.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. BARTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein some letters which I have received from small-business men in New York City.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a radio address made by my colleague, the gentleman from Massachusetts [Mr. TREADWAY].

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. KEE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a radio address I recently delivered.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a radio address which I recently made.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MAHON of Texas. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a few brief letters with reference to the agricultural program.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. LEWIS of Maryland. Mr. Speaker, I rise to resubmit a request I made last Wednesday when I asked unanimous consent to print the public letter of Henry L. Stimson, former Secretary of State. I learned, upon the submission of the request, that the printing of this letter will cost \$113 and will take up two and one-half pages of the RECORD. I believe two pages is the limit without the matter again receiving the consideration of the House.

Mr. FISH. Mr. Speaker, reserving the right to object, I do not intend to object, but I want the House to know that Mr. Stimson, former Secretary of State under the Republican administration, does not represent the Republican Party in its attitude on the League of Nations.

Mr. RANKIN. Reserving the right to object, Mr. Speaker, and I shall not object, let me say to the gentleman from Maryland that it will not cost \$113 to place this letter in the RECORD. All in the world it will cost will be for the two extra pages of paper and the ink which is required to print it, because the employees are already on the roll, the machinery is already set up, and, as I said, the only extra cost will be the paper and the ink.

The statements that have been made about the extra cost of placing materials of this sort in the RECORD have been exaggerations.

Mr. DINGELL. Mr. Speaker, reserving the right to object, and I shall not object, may I ask the gentleman from New York, since he said Mr. Stimson does not reflect the popular Republican opinion, if he will tell the House now if there is anybody in the country today who does reflect the opinion of the Republican Party?

Mr. FISH. Mr. Speaker, I should like to answer the gentleman.

The SPEAKER. The gentleman from Maryland has the floor.

Mr. FISH. Will the gentleman from Maryland yield to me to answer the question?

Mr. LEWIS of Maryland. Yes; I yield to the gentleman from New York.

Mr. FISH. The gentleman from Michigan has asked a perfectly fair question. The Republican platform of 1936 came out squarely against the League of Nations. We abide by our platform and you do not, that is the difference.

Mr. RAYBURN. Mr. Speaker, I demand the regular order.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

MESSAGE FROM THE PRESIDENT—HOUSING CONSTRUCTION (H. DOC. NO. 406)

The SPEAKER laid before the House the following message from the President of the United States, which was read, referred to the Committee on Banking and Currency, and ordered printed:

To the Congress of the United States:

In my message to the Congress upon the convening of the extraordinary session on November 15, I said that I would address you further in regard to proposals to encourage the private construction and financing of housing on a large scale. The proposals which I am presenting for your consideration now are an important part of the program for increasing general business activity and employment during the coming year.

From the point of view of widespread and sustained economic recovery, housing constitutes the largest and most promising single field for private enterprise.

Housing construction has not kept pace with either the needs or growth of our population. From 1930 to 1937, inclusive, the average annual number of new dwelling units constructed in the United States was 180,000 as contrasted with an annual average of 800,000 in the 7 years prior to 1930. In addition, much of our existing housing has seriously deteriorated, or has been demolished.

It is estimated that an average of 600,000 to 800,000 dwelling units ought to be built annually over the next 5 years to overcome the accumulated shortage and to meet the normal growth in number of families. In other words, we could build over the next 5 years three or four million housing units, which at a moderate estimate of \$4,000 per unit would mean spending from twelve to sixteen billion dollars, without creating a surplus of housing accommodations, and consequently without impairing the value of existing housing that is fit for decent human occupancy.

The long-continued lag in building is a drag on all industry and trade. This presents an urgent problem which is the common concern of industry, labor, and government. All business needs the infusion of orders and the diffusion of purchasing power that come when building is thriving. Great numbers of people look directly or indirectly to the construction industry for employment. This industry, to a greater extent than any other, can put idle funds to work and thus speed up the circulation of the Nation's money supply. This, in turn, would increase national income, reduce unemployment and as a result contribute toward a balancing of the Budget.

Since 1933 we have had a great recovery movement in which housing construction has played only a minor part. That it should play a major part has been clearly recognized by this administration from the outset. But, though much has been done to encourage construction activity, the results have not yet been satisfactory. Instead of a seasonal rise in housing construction through the past spring and summer, there was an early downturn. This was one of the principal reasons why general business failed to forge ahead during the latter part of the year.

We must recognize clearly that housing will not be built if costs are too high in relation to the consumer's income. The fact that housing costs rose sharply, far too sharply, between

September of 1936 and March of 1937, was primarily responsible for the downturn in housing and thus in recovery generally this year.

Revival of housing construction must be based on reduction of the costs of building and the payment for builders rather than on a resumption of the rising costs that stopped progress in this essential field last spring and summer. Housing must be produced at prices, rates, and rents that the mass of our people can afford to pay.

The Government has made provision, through assistance to municipal housing, for many of the most needy. But private enterprise and private capital must bear the burden of providing the great bulk of new housing. The measures I now suggest are to encourage private building to meet the needs of families of moderate means. These proposals cannot be effective, however, unless all elements concerned in the construction industry—builders, contractors, manufacturers of material and equipment, labor, and finance—cooperate in producing housing that is within reach of the incomes of the vast majority of our citizens.

If the building industry is to play the vital part that it ought to have in our economic system, it must do it in the characteristic American way. It must develop, as other great industries have developed, the American genius for efficient and economical large-scale production. The lower unit costs resulting from large-scale production will make for greater annual returns for the entire building industry, including all workers engaged in that industry, and for a higher standard of living for the country as a whole.

The problem of reducing costs to a point where larger volume, longer employment, and higher annual earnings are possible is one that must be solved in major part by the building industry itself. The Government, however, can take the initiative by bringing about a reduction of financing costs, by making it easier for families of moderate means to buy or rent new houses, and by providing mechanisms to make it practicable for private enterprise to engage in large-scale housing operations for the mass market.

In order, therefore, that Government may give the fullest encouragement to a broad revival of building, I recommend that the Congress adopt at this time measures to facilitate the financing of every type of housing construction, whether for sale or for rent, and ranging from the small house to entire residential communities and large low-rent apartment buildings. In addition to measures to stimulate new construction, I recommend that provision be made for an extensive program of repairs and modernization.

As a practicable means of encouraging and facilitating a more effective operation of private enterprise and private capital in the housing field, I am suggesting enlargement of the framework of the National Housing Act in the light of actual experience. This legislation, enacted by the Congress in 1934, provided a new financial mechanism applicable to all types of lending institutions that make loans for housing purposes. Enabling legislation giving effect to this new mechanism was subsequently enacted by all the States. Within the limits of the types of housing to which it applies, it has proved to be both popular and practical.

Under the National Housing Act the Congress established the Federal Housing Administration, which insures mortgages on certain types of housing, but itself makes no loans. The agency is designed to become self-sustaining through the operation of a mortgage-insurance fund, into which premiums are paid by borrowers who obtain loans under the provisions of the act from private lending institutions. An ultimate guaranty of loans that may default is given by the Federal Government, but this guaranty becomes operative only in the event that recoveries from the sale of defaulted properties, together with all the moneys in the insurance fund, should be insufficient to pay the insured claims. Hence, even if any cost should result to the Government because of this guaranty, it would be negligible when measured by the volume of construction and employment induced by the

fact that the guaranty is there should it ever have to be availed of.

The benefits of financing under the National Housing Act apply to two main classes of transactions, namely, those in which a single house becomes security for a loan and those in which a limited-dividend company obtains a loan in order to develop a rental housing project. The amendments which I am suggesting are of three kinds: First, to effect further reductions in financing costs; second, to extend the insurance of mortgages to types of housing operations not now adequately provided for in the act; third, to make the funds of institutional and individual investors more easily available for the financing of large-scale operations.

Because it takes the average buyer of a house or investor in housing a long time to pay for the property, the cost of financing is, in the long run, one of the largest items in housing costs. In the case of rental housing it is a determining factor; first, in whether construction shall be undertaken at all and, second, in arriving at the scale of rentals to be charged.

Institutions making loans to be insured by the Federal Housing Administration are now permitted by regulation to make an interest charge up to 5 percent and a service charge of one-half of 1 percent, or a total of 5½ percent per annum. It is proposed to reduce this to 5 percent net by amending the administrative regulations.

As a means of further reducing the cost to the borrower, however, I would ask the Congress to authorize the Federal Housing Administrator to fix the mortgage insurance premiums as low as one-half of 1 percent on the diminishing balance of an insured mortgage instead of on the original face amount as now required by the act. Further, as a means of giving special encouragement to the construction of small, moderately priced houses, I would ask the Congress to authorize the Federal Housing Administrator to fix the mortgage insurance premium as low as one-fourth of 1 percent on the diminishing balance of an insured mortgage in cases where the estimated value of the property to be built does not exceed \$6,000 and where the mortgage is insured prior to July 1, 1939.

Another change that I would ask the Congress to make in the existing legislation is to raise the insurable limit from 80 percent of the appraised value of the property, as at present, to 90 percent in the case of loans to owner-occupants where the appraised value of the property does not exceed \$6,000. This proposal is of great importance. It recognizes the fact that most persons who desire to own homes of their own cannot make a first payment as large as 20 percent of the purchase price. This is particularly true after the severe depression of recent years, in which the savings of millions of prudent and thrifty families were depleted.

The fact is not generally recognized that the majority of our urban families are not home owners. In the larger cities, the proportion of rented dwellings runs from 60 to nearly 80 percent of the total. Accordingly, I am suggesting for your consideration measures designed especially to facilitate the construction and financing, under the economies of a blanket mortgage, of groups of houses for rent, or for rent with an option to purchase. Such operations would afford economies in construction as well as in financing, and would therefore, I believe, lead to the formation of substantial companies to avail themselves of the opportunities in this particular field. These same measures are also designed to encourage the construction of apartment buildings to be operated on a moderate scale of rentals, with the mortgage in any case not to exceed \$1,000 per room. This is a type of apartment property particularly adapted to the requirements of our smaller cities.

In the construction of large-scale rental properties, a small but creditable beginning has already been made under the existing provisions of the National Housing Act applicable to limited-dividend companies. Those provisions, however, need to be clarified and simplified in order to encourage a more

extensive development of large rental projects in the larger communities where they are needed.

Among the most important of the measures to which I would invite your consideration are those designed to facilitate the financing of these large projects. Here there is a great gap in our financial mechanisms. The large projects thus far constructed under the provisions of the National Housing Act have been closely regulated as to rents, charges, capital structure, rate of return, and so forth, and the excesses and abuses which widely characterized the financing of apartment properties in the 1920's have thereby been avoided. The very size of the loans in the case of these large projects, however, makes it difficult to finance them by means of a single mortgage.

I would therefore urge the Congress to liberalize the provisions of the act under which the chartering of National Mortgage Associations is authorized, and, among other things, to give these associations explicit authority to make loans on large-scale properties that are subject to special regulation by the Federal Housing Administrator. The effect of the change here proposed would be to enable these properties to be financed by National Mortgage Associations through the sale of housing bonds or debentures amply secured by the insured mortgages on the properties.

In order that one or more such associations may be promptly organized, I shall ask the Reconstruction Finance Corporation to make available, out of the funds already allocated to the RFC Mortgage Co., \$50,000,000 for capital purposes. Under the amendments proposed, this would provide the basis for \$1,000,000,000 of private funds obtainable through the sale of National Mortgage Association debentures.

Another of the suggested amendments that I regard as of special importance would make the limitation of \$2,000,000 on the amount of mortgages insurable under the National Housing Act apply to the amount of insurance to be outstanding at any time and would remove the limitation of July 1, 1939, now applicable to the ultimate guaranty of the Federal Government. These changes would measurably encourage private financing under the act without increasing the amount of the contingent guaranty provided in the existing legislation. In connection with these changes, I would suggest that the Congress eventually limit the insurance of mortgages to housing on which the application for mortgage insurance is approved prior to the beginning of construction.

Finally, I am suggesting that insurance be provided for repair and modernization loans in a manner similar to that which was formerly provided under title I of the National Housing Act. This former provision expired by limitation on April 1 of the present year.

Considered in relation to existing provisions of the National Housing Act, the Federal Reserve Act, the Federal Home Loan Bank Act, and extensive enabling legislation that has been enacted by the several States, the adoption of these measures would for the first time provide all the financial mechanisms essential to a widespread and sustained revival of housing construction. The terms of financing would be the most favorable ever made generally available in this country for housing purposes, half, or less than half, the cost of loans of comparable proportions under the system of first-, second-, and third-mortgage financing that was widely prevalent in the 1920's. Large and continuous activity and employment in housing construction, which is not feasible under our present limited methods of financing, would be put decisively on a practicable basis.

The success of such a program as this, however, cannot be assured by governmental action alone. It will depend mainly on the willingness of industry and labor to cooperate in producing housing at costs that are within the reach of the mass of our people. The goal at which both industry and labor should aim is sustained large-scale production at lower costs to the consumer. This will mean a larger annual wage

for labor because of the larger amount of employment than is possible at high hourly rates with long periods of unemployment. It will mean a larger annual income for industry because of the larger volume of production than is possible at high unit prices with greatly restricted output.

Because this was not the goal of industry and labor during the past construction year, the result soon proved injurious not only to the building industry and its workers, but to business and employment generally. The sharp rise of wage rates and prices in this industry, just before the last building season, reduced by 100,000 to 150,000 the number of new dwelling units that competent authorities had estimated were in prospect for 1937.

It is now clear that we cannot have a strong revival of housing construction on the terms that were exacted by industry and labor last spring. The rise in hourly wage rates and in material prices was too rapid and too great for the consumer to bear. A similar rise in costs likewise checked production and buying in other industries as well. In emphasizing these facts I am not seeking to apportion blame, for manifestly no industrial or labor groups would deliberately adopt a policy that would react to their own disadvantage. I am simply pointing out what did occur and what the consequences were.

In the budget of the great mass of our families the point is quickly reached where increased costs mean reduced consumption. Reduced consumption, in turn, means a decline in someone's business and someone's employment. The essential problem of the construction industry and its workers, then, is to find a reasonable way, through continuity of production and employment, to adjust the costs of housing to the consumer's means.

To help attain this end it is my intention to initiate a series of conferences with representatives of industry, labor, and finance, with a view to giving housing construction a fresh start in the coming building year and averting a recurrence of the conditions that brought about the reverses of the present year. If these groups will cooperate in this effort, as I believe they will, the result cannot but work to the advantage of our whole national economy.

Comparatively simple changes in and additions to existing laws will make this start possible.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, November 27, 1937.

ADDITIONAL MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—ARLINGTON MEMORIAL AMPHITHEATER

The SPEAKER laid before the House the following additional message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Public Buildings and Grounds.

To the Congress of the United States:

In compliance with the requirements of the act of Congress of March 4, 1921, I transmit herewith the Annual Report of the Commission on the Erection of Memorials and Entombment of Bodies in the Arlington Memorial Amphitheater for the fiscal year ended June 30, 1937.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, November 27, 1937.

ADDITIONAL MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—CIVIL SERVICE COMMISSION

The SPEAKER laid before the House the following additional message from the President of the United States, which was referred to the Committee on the Civil Service:

To the Congress of the United States:

As required by the act of Congress to regulate and improve the civil service of the United States approved January 16, 1883, I transmit herewith the Fifty-fourth Annual Report of the Civil Service Commission for the fiscal year ended June 30, 1937.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, November 27, 1937.

EXHIBIT OF RURAL ARTS AT DEPARTMENT OF AGRICULTURE BUILDING

Mr. JONES. Mr. Speaker, I desire to move that the House go into Committee of the Whole House on the state of the Union for the consideration of the farm bill, but my colleague the gentleman from New Hampshire [Mr. TOBEY] desires to make an announcement with reference to an exhibit in the Department of Agriculture Building, and I am willing to withhold my motion for one-half minute.

Mr. TOBEY. Mr. Speaker, yesterday afternoon it was my privilege to attend an exhibit of the rural arts in the patio of the main building of the Department of Agriculture in Washington.

I want to commend this exhibit to the Members and their families and to the Speaker as well and urge their attendance.

Within the patio there are exhibits of rural arts and rural handcraft, consisting of needlecraft and jewelry work, wood carving, hand weaving, and the use of vegetable dyes, and pottery.

These exhibits come only from towns of not over 2,500 population. They have social implications that are far-reaching. You will see there the products of the hands and minds of men and women who had thought they had no place in the sun and who had become discouraged and despondent. As a result of the practice of these rural arts and crafts and the increment therefrom, they have taken on a new lease of life and hope has replaced discouragement.

I hope the Members will visit the exhibit before it closes, because you will find there real inspiration, and witness an exhibition that is very real and worth while to this Nation of ours.

The exhibit is open daily between the hours of 9:30 a. m. and 5 o'clock p. m. and continues through December 5. [Applause.]

EXTENSION OF REMARKS

Mr. CELLER. Mr. Speaker, will the gentleman from Texas yield to me a moment to submit a unanimous-consent request?

Mr. JONES. I yield.

Mr. CELLER. Mr. Speaker, I ask unanimous consent that I may revise and extend my own remarks in the RECORD in two particulars—first, a radio colloquy between myself and Senator KING; and second, a reprint of a letter I have sent to the Federal Trade Commission.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman from Texas yield?

Mr. JONES. For a unanimous-consent request?

Mrs. ROGERS of Massachusetts. Yes; for a unanimous-consent request.

Mr. JONES. All right; I yield for the purpose of presenting a unanimous-consent request, but not for a statement.

Mrs. ROGERS of Massachusetts. I just want to ask or call attention to the fact of a small exhibit I have, Mr. Speaker, of goods made in Czechoslovakia, Japan, and comparable goods made in this country. Some of them are agricultural products and are something that fit into the picture of the agricultural problem. When I tell you that these articles can be produced in Japan and sold in this country at one-half the cost of similar articles made in the United States of America you will appreciate the fear every manufacturer and every worker has over the proposed reciprocal trade agreement with Czechoslovakia. Under the terms of the most-favored-nation clause, every concession made to Czechoslovakia is available to each and every country of the world, with the sole exceptions of Australia and Germany. That means but one thing: When you lower the duty on hats, shoes, textiles, laces, or any other commodity under the agreement, you lower it, not for Czechoslovakia

alone but for all nations of the world but two. That is nothing more or less than placing American labor in direct competition with that of low-paid foreign labor.

THE FARM BILL

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8505, with Mr. WARREN in the chair.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Chairman, more than 160 years ago Thomas Jefferson, whom I regard as the greatest political philosopher who ever lived on earth, wrote the Declaration of Independence. In the first part of that Declaration he laid down what I regard as the most basic fundamental of free government, that of equality in the application of its laws, with the statement that in this respect all men are created equal.

Just a few years later, while that statement was still fresh in the minds of the people, and after they had won their independence, Alexander Hamilton, the first Secretary of the Treasury, submitted his report on manufactures on December 5, 1791, advocating for the first time in this country the adoption of the principle of protection. This is a very interesting treatise of about 80 pages.

The philosophy of protection was advanced as being in the interests of infant industries, which in no other way, he claimed, would compete with the established industries of the Old World, and as he further argued, it would be in the interest of the Nation as a whole.

Whatever you may think about the philosophy of Alexander Hamilton, he had intellectual integrity, and he realized in that early day the attack that would be made that his proposal was in the interest of special groups. He realized that it would be especially burdensome upon the farmer, and he so stated in that document.

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. JONES. I am sorry, but I prefer to make a little explanation before I yield. I shall be glad to yield later. He so stated in his report on manufactures that the farmer would not have the advantage of the tariff. He knew that he would be attacked by the other group of political philosophers. In this report he comments on that fact and suggests a remedy, and he suggests that the farmers be paid a bounty as an offset to the tariff—not as a gift but as a restitution. He says:

Bounties are sometimes not only the best but the only proper expedient for uniting the encouragement of a new object of agriculture with that of a new object of manufacture. * * *

It cannot escape notice that a duty upon the importation of an article can no otherwise aid the domestic production of it than by giving the latter greater advantages in the home market. * * *

The true way to conciliate these two interests is to lay a duty on foreign manufactures of the material, the growth of which is desired to be encouraged, and to apply the produce of that duty, by way of bounty either upon the production of the material itself or upon its manufacture at home, or upon both. In this disposition of the thing the manufacturer commences his enterprise under every advantage which is attainable as to quantity or price of the raw material. * * *

The tariff was not adopted at that time, but a few years later certain groups came together and took one wing of that philosophy. They took the protective wing, but forgot, in their eagerness to secure some advantage, to take up the

other wing of the philosophy. The farmer thus became the first forgotten man.

An immediate fight started when the tariff was adopted by those who believed in the other wing of the philosophy, and who opposed a high protective tariff system. For nearly 100 years the fight continued, but while the tariff rates went up and down, the net result was that the tariff became higher and higher and the burdens of the farmer became greater and greater. The country became, in certain of its agricultural and livestock sections, bled white. Paralysis naturally set in, which affected the whole economic body. In the early twenties an effort was made, since we could not dislodge the tariff, to complete the circle and restore Jeffersonian, and even Hamiltonian equality, in a system that was wholly lopsided and wholly unfair. That is the basis upon which we lay the claim that in making an appropriation out of the United States Treasury for a farm program we are not giving the farmers anything; we are simply making restitution and restoring the basis of the ancient fundamental of this form of government. [Applause.]

We make that restitution, I think, in the best possible form today. That is, we pay that sum for the conservation of our soil in the national public interest, which it is. Every man, woman, and child in America, whether he or she lives in a skyscraper or a mansion, a hut or a hovel, is interested finally in the conservation of the soil. We bottom this program on that unassailable principle.

It is interesting to note in passing that it is to the advantage, finally, of the people of the city, as well as the people of the country, that there be a fair price and a fair division of the national income and a fair adjustment on the same dead level of equality among all the citizens of America. On no other basis can we finally prosper, and the statistics show that principle to be true. Starting with that philosophy, with the thought that we would maintain what I want to see made an honest soil-conservation program with the other things connected with it as incidental, this committee recommends that the Congress retain and continue and strengthen a simplified soil-conservation program. We have had a great many plans submitted to us and we have had a great many suggestions made. Here is a remarkable thing. Someone will come in with a plan that he thinks is just a simple thing, as a cure-all. We have had plans submitted by people who honestly thought that they were cure-alls, and that the difficulties of the farmer could all be fixed in a simple manner. But when you undertake to analyze and make the plan applicable to all farm commodities, and treat them all fairly, they nearly all run into tremendous difficulties, intricacies, and technicalities. We have had some who want to have complete price-fixing schemes, running the price away up. Others want a price-fixing scheme on certain commodities. Others want what is known as the domestic-allotment plan. Others want a combination of different plans. I have hoped that in working out this program we could avoid the extremes, and that is what we have undertaken to do. I think there are some pretty good features in what is known as the domestic-allotment plan, but the difficulty is that those who advocate that plan get their sight so high that they do not realize that funds are not available to meet the cost. If you go to price fixing, everyone knows that you can run into great difficulty. If the philosophy of this bill does not work, other plans may have to be tried, even to the extent of price fixing, but I call attention to the fact that 1,700 years ago they tried price fixing under Diocletian. It was a very interesting experiment, and I have a copy of the old law, or rather, the old edict.

He was a benevolent ruler and undertook to fix prices fairly for all people. He fixed what he regarded as the fair price. Of course, if you are going to have fixed prices you are going to have strong penalties to enforce them. He fixed the price of wheat, the price of all kinds of commodities; he

fixed the price of a shave; he fixed the price of eggs; he fixed the price of fresh fish; and he fixed the price of salt-water fish—407 different commodities, I believe—and he tried to fix them all at a fair rate. Do you know what happened? Almost immediately the factories all closed, because they could not increase their price and make up for the spoilage of goods they had on their hands or the loss on the goods that were unsalable. The thing went into stagnation. It practically wrecked industry. Everything went wrong. It was a hopeless, complete failure and had to be abandoned within a few weeks.

I have read all I could find in the Congressional Library on that interesting experiment. Of course, it might work now. We may have learned more than they knew then, but history has laughed at price fixing and mocked the price fixer all down through the centuries when you undertake to fix it absolutely.

I believe this farm program has to be solved. I believe equality must be restored, and I believe that whatever method is necessary must be used to get every American citizen on the same dead level of equality. I am not afraid to do whatever is necessary, regardless of the results that may have obtained heretofore, but I believe we have worked out in this bill a plan that may accomplish the purpose and, I believe, will go a long way toward doing it.

As I said, we took the Soil Conservation and Domestic Allotment Act. We have an authorization of some \$500,000,000 for paying for the conservation of the soil. We tried to simplify that act in this way: We put it on a tilled-acreage basis, so that a man in any region would have a certain percentage of his acres which he must treat for soil conservation and a certain number of acres or percentage of his acres which he might put into a soil-depleting crop or crops, with adjustments when there is more than one crop used, so that the total soil-depleting crops will not exceed the percentage of acres which he is allotted for that purpose. This will enable us to have a more equitable program, I believe, one with fewer complications, and one that will work to better satisfaction.

There is another feature that must be considered in the solution of the farm problem that everyone recognizes. That is the fact that occasionally there come great surpluses. While some good results have been obtained under the soil-conservation program, since that program necessarily involves in its operation some incidental adjustments of acreage, and hence some incidental control of production, in extreme years its incidental control is not sufficient to prevent the production of large surpluses. Here we run into a conflict of purposes. That is the purpose of sustaining a price and preventing the troublesome surpluses and at the same time preventing the scarcity that may come in some subsequent year, and thus be a handicap or actually a damage to the consumer of the product in the way of prices that run too high in connection with the commodity. We, therefore, provide a system of loans through the Commodity Credit Corporation whereby a loan may be made to cause the storage of reserve supplies of the essential food and clothing commodities of this country. That will enable us to have some of these things carried over for the years of scarcity and thus prevent excessively high prices that have sometimes destroyed other lines of activity even among farmers, and, on the other hand, prevent ruinous prices that make it so that it is not worth while for men to grow any of a particular commodity.

It seems to me there are a lot of things tied up with the farm program. I believe that even the money question is tied up with it. I think the whole commodity price level is too low. I have had people argue to me that if you would fix the price of cotton at 20 cents a pound, for instance, that would be a great advantage to the cotton producer. I would like to see cotton 20 cents a pound. I do not think it is more than the price should be, but it would be fatal, if you lifted cotton out of the price picture, or it would at least be

injurious probably, if you did not bring some of the other commodities up with it. For instance, when we run into this proposition we have the question of farm production on the one side, which must always be considered in the solution or attempted solution of the problem. Then we have at home the question of competing commodities. Cotton is in competition with jute, burlap, woodpulp and plant-fiber rayon, silk, wool, and even paper. There are only about 7,000,000 bales of cotton consumed in the United States. Even in the early farm program, in 2 years of the Agricultural Adjustment Act, the price of cotton lifted through the activities that we had then, rayon production nearly doubled. If you undertake to jack the price on any commodity too high out of its price picture, you drive to foreign competition and to domestic substitution. If you undertake to get the price of cotton too high—I am talking sense to you cotton people now—if you get the price too high out of its price picture, out of its related price, you not only surrender your foreign markets but these competing commodities will gradually eat into your domestic market, which will reduce it from 7,000,000 bales to 5,000,000 bales. If you think you can go out and argue for a price that is wholly unrelated, and not bring up the general price picture, you had better guess again.

Then, too, if you should undertake to fix a high price on the domestic part of the cotton crop and let them grow all they want to for the foreign market, you, of course, would get away from foreign competition, but not from domestic substitution; but I cannot see any purpose in making 4- or 5-cent cotton to sell anywhere. Can you? You are not doing your soil any good; you are not doing your people any good.

We have tried to take the middle course; we have tried to provide a method that will largely, through exercising a little more control from time to time in emergency, enable us to get a somewhat better price for the whole commodity than we have been getting, and through premiums that will not interfere with the flow into the markets, get a better income for the cotton as well as for the producers of other commodities. As a matter of fact, if you were to produce cotton without any sort of reduction for this coming year you would find you had a tremendous complication. You have complication in the case of cotton whatever course you pursue. We are making 18,000,000 bales; we have something better than 6,000,000 bales that will be added to the American production of cotton, making about 24,000,000 bales as the total supply for this year. This would make a carry-over for next year of about 11,000,000 bales of cotton. Now, anyone who undertakes to have a domestic-allotment plan, or anyone who undertakes to have a price-fixing plan, will be met face to face with four times as much cotton already on hand, already bought up, already entitled to enter into commerce, as we use in 1 year in this country, and nearly twice as much as the world uses. How are you going to fix the price? I doubt if you can forbid its sale. There is a complication no matter which way you turn. I doubt if when a man has bought and paid for a wholesale commodity you can say that he cannot sell it. I think there is a serious doubt about this proposition.

As a matter of fact, Nature blessed the different commodity sections this year after having a shortage the past 2 years. It is not particularly the farmers' fault. They did not have an increase of more than about 3,000,000 acres in cotton. It probably will not happen many times; but we are face to face with a real situation, and we might just as well look it in the face, look at it honestly, and treat it honestly. There is no use kidding ourselves. We have a real problem in the case of cotton.

We have a coming problem in corn, a problem scarcely less serious than that in the case of cotton. We have a lesser problem in the case of wheat, and will probably have another one because the acreage has been greatly increased, with hardly any control over acreage this year, due to the scarcity and shortage of the last 2 years.

Mr. Chairman, I am not in favor of extreme control. We have incorporated in the bill a little control feature, away back over yonder, except in the case of tobacco. Tobacco is different from practically all other crops. Tobacco has no substitute. An interesting fact about the use of tobacco is that in hard times a man will smoke as much, if not more, than he does in good times. Then, too, it is a commodity that grows in only a limited area. I believe a complete control program can be worked out on tobacco if it can be worked out on any commodity. Our previous experience in this line shows that it works satisfactorily. So we have accepted what the tobacco people have practically agreed upon in the way of marketing quotas. A man is given a marketing quota and then a penalty is placed on him if he sells more than his quota. I will leave this phase of the bill to be explained by the members of the committee who studied the tobacco phase of the bill.

On corn we had a somewhat similar problem linked to loans as in the case of other commodities; and this, too, I am going to leave for explanation to those members of the committee who made a study of corn. I may say, however, that in all these matters we do not undertake a control until the supply gets far beyond what is needed for the domestic and export markets together with a normal reserve, and then only if two-thirds or more of the farmers authorize by referendum the putting into effect of the marketing quota. When, for instance, the supply of corn reaches a certain point where we have all we can use in this country, or for which we have a market, and an additional amount also, then the marketing quota may be brought into operation provided that on a referendum not more than one-third of the farmers negative the proposition. This, as I say, will be explained fully by other members of the committee.

In the case of wheat we have another very similar proposition: Taking care of the domestic market, providing a reserve to prevent scarcity. Then, if two-thirds of the farmers want a quota, or if not more than one-third negative the proposition to apply quotas, a quota may be placed into effect of 15 cents a bushel penalty for sales beyond the quota.

Coming back now to cotton, I believe we have the best plan that has ever been presented to the American Congress, and I say this after having listened to many different plans. I do not mean that it is a perfect plan. I do not mean that we will not have difficulties, because we will have difficulties this year with any plan. We cannot laugh off a 24,000,000-bale supply of cotton linked to about 18,000,000 or 20,000,000 bales of foreign-grown cotton. We cannot, by waving a magic wand, or by expressing a wish, or by painting rainbows in the skies, solve that kind of problem. Its solution is going to require the most enlightened attention and intelligent study of those who are interested in the problem, getting away from all play to the galleries, getting right down to a bedrock discussion between ourselves of what is the best thing to do for cotton.

We provide that a man shall be allotted a certain number of acres that he may put into soil-depleting crops and he will get the same percentage that the other fellows get if he does not plant other soil-depleting crops. Now, suppose he has a hundred acres in tilled land and plants 70 acres of cotton or has that privilege. If he complies with an honest soil-conservation plan he will get his soil-conservation payments, he will get the price-adjustment payment that the Congress provided last fall and he will get the privilege of a loan. He may grow all the cotton he can produce on that 70 acres and will not be subject to any quota. He will not be subject to any limitation as to sale or otherwise.

But let us take a man just across the road who has a hundred acres and says, "I am not going to pay any attention to that. I am going to do as I please with my farm, and nobody can tell me how to run my farm. It is my property; I paid for it and I will do as I please with it." That man has not thought this thing out properly.

Any man owns property in a certain sense, but if you think you own your property and can do as you please, go out and set your house afire and see how quickly they will have you on the road to the penitentiary. Create a nuisance on your property beside that of your neighbors and you will find your ownership is not absolute.

Mr. Chairman, that is one extreme. The other extreme is the fellow who silver-lines everything, one who does not want ownership of property at all and who believes there should be joint ownership of everything. This man thinks you can amend human nature and run the instrumentality of production with perfection.

Those are the two extremes. But the man who has a proper conception of the duties of citizenship and who I believe has the proper conception of not only the rights and privileges but also the obligations of property ownership realizes that in a certain sense there is a trusteeship to his neighbors to the future generation in connection with any natural resources. Assume the man who had the farm before you owned it had allowed it to wash away and said, "It is mine; I will do as I please with it." Of course, we do not have any law that makes him take care of his property, but I believe there is as much of a moral obligation on an honest man who has the proper conception of citizenship that is just as strong, or ought to be as strong, as a legal obligation.

Therefore, to this man I told you about a while ago who plants 90 acres we say, "On the cotton that you produce on the extra 20 acres we will make you pay 2 cents a pound if you put it into commerce." We regulate interstate commerce to that extent. We tell him, "If you put it into interstate commerce you must pay a penalty of 2 cents a pound."

I have not much patience with a man who will not go along with an honest soil-conservation program in connection with the national public interest. What right would he have to complain? I believe that next year he will come in voluntarily. I do not regard that as compulsory in the sense that a great many of these things are classed as compulsory. A man may sell his excess cotton in many years, but he would find when he lost his soil-conservation payments on the other 70 acres and lost the privilege of a loan in difficult times and then paid 2 cents a pound on his excess production that went into interstate commerce, he would decide he should come in next year. It would be to his interests to do so.

I believe this will work out a plan that can be taken care of without all the complicated machinery, without sending men to jail, without imposing sentences, without the earmarking of bales of cotton, and without the earmarking of all the other commodities, some of which you cannot earmark very well. I believe we will accomplish largely the purpose we have sought to accomplish without the extremes of control.

Mr. TARVER. Is the gentleman ready to yield at this time?

Mr. JONES. In a few minutes.

I do not believe it is wise to control to too great a degree. When you refrain from growing a bale of cotton you take away the work and labor connected with the growth, cultivation, and production of that bale of cotton, the handling of it through the different instrumentalities that touch it, such as the spinner, the weaver, as well as the transportation and distribution thereof, which probably amounts to \$15 or \$18 per bale. Instead of curtailing so much, if we can find a way to dispose of that extra bale of cotton, we have saved all that. Therefore, in connection with all of these commodities, we have put in a provision for disposing of the surplus.

Before I leave the question of control may I make one further statement? If you have the idea in your head and if you have been thinking along the line that you should not have any sort of control, just cast your eyes over industry in general. I picked up the New York Herald Tribune day before yesterday, and on the front page I found this statement:

Chrysler cuts pay roll. Auto production off. Ten thousand to 55,000 workers laid off. Week reduced from 40 to 32 hours.

In another headline there is the statement:

Five hundred thousand steel workers hit.

The statement shows there has been a decline in the steel industry's operations over a 10-week period, leaving more than a half million men on a sharply curtailed work schedule.

If Chrysler and all the other motor companies ran full tilt, we would be getting automobiles for three or four hundred dollars, because there would be an excessive supply. Those men have a commodity they sell in their own market, and they can curtail overnight if they choose. They probably have a reserve supply, just like we are planning, but they do not produce an article to sell below cost, or at least not many of them do that. They may sell some of the product below cost, but as a general proposition they do not do that.

On the other hand, the farmers are scattered over an area 3,000 miles apart. They are unorganized. They cannot close down. If they close down and reduce production one-half their neighbors will increase, unless there is some sort of a program with which they can go along.

We have the incidental control which goes with soil conservation and, finally, a little market-quota control. However, we wrote into the act some 3 years ago a provision that one-third of the customs receipts, or approximately \$100,000,000, should be used for the disposal of surpluses of all farm commodities, either by distributing them in this country or by paying losses on exportation of such commodities.

Referring to the bale of cotton which I used as an illustration a while ago, I believe that rather than refraining from growing that bale, if we could pay a \$10 loss on a shipment abroad—and we make it possible to pay it on the processed goods, which will have the same effect—we would be better off than if we lost \$15 or \$18 incident to its production and distribution, and at the same time we would have more markets in the world.

On the other hand, if we should use our distribution funds for whatever we distribute in this country to dispose of some of the surplus, I believe the effect would be very good. In fact, though section 32 has not been used much, experience shows it has apparently had the most wonderful effect of any fund which has been used.

I do not believe you can do the whole job that way any more than I believe you can do the whole job by control or by price fixing. However, I do believe that somewhere in between the two you can find a happy medium where you produce all of the essential commodities which can be sold here, even stimulating it a little by markets abroad, and thus provide an additional market for the different commodities. This fund is available under an annual automatic appropriation, and has been used several times on small commodities with a very happy effect. I hope hereafter there will be no effort to earmark this fund for any special commodity. I believe it should be retained as a stimulus to our export markets for farm commodities and their products, and for further and wider distribution of such commodities at home. Any extreme program which overlooks this will be detrimental.

We provide for the regular appropriation of \$500,000,000 for soil conservation, and for any other payments for which money can be provided. As a further effort to dispose of surplus products, I personally favor a small processing tax. I should like to see, say, a 2-cent processing tax on cotton, which would be earmarked for selling cotton products abroad and distributing them at home. I should like to see a small processing tax on wheat, earmarked for the same purpose. There is no question of the legality of this kind of earmarking, because it would not be linked with production control in any sense but would have to do with marketing. However, as far as this committee is concerned, that is out of the window.

We do authorize, however, any sort of payments you want to make. One bill was submitted which has been discussed before another committee, providing that a loan of 20 cents a pound should be made on that part of the commodity which goes into domestic consumption. You get out your

pencil and see how much of an obligation would be imposed on the Federal Government by this plan, in view of the fact that cotton represents about 10 percent of the farm production of this country, and see how good a chance you may think you would have for carrying out such a program.

We have had a pretty difficult time getting together on this measure, and I am perfectly willing to consider thoroughly and as far as possible have the committee consider any amendments which may be offered. However, I should like to have such amendments thoroughly considered in connection with the text of the bill. We frequently found in trying to work out a program for one commodity that it complicated another, and working out a separate provision even as to one part of one commodity complicated other provisions. Therefore, I ask that you at least give some thought and attention to any amendment without blindly offering it. I am sure the bill can be improved, and if you will follow this course I am sure it will be helpful.

If anyone now wishes to ask questions, I shall be pleased to have him do so.

Mr. LANHAM. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield to the gentleman from Texas.

Mr. LANHAM. Seeking light with reference to this measure, I should like to ask this question:

There has been a great number of conflicting ideas and divergent views with reference to plans suggested, and we have various minority reports on this proposed legislation. If this is introduced as permanent legislation, would it not be better, if in the judgment of the committee this is the best which can be done now to meet the emergency, to limit its trial under such a law to a term of years, rather than carrying it on as permanent legislation in the face of its speculative nature, as indicated by the divergent views on it?

Mr. JONES. I may state to the gentleman I do not believe there is any such thing as permanent legislation.

Mr. LANHAM. Of course, it might be amended from Congress to Congress.

Mr. JONES. I know of no law which cannot be repealed. The difficulty with time limits is that laws which have them are regarded as temporary. People say, "Well, I can get out of it over yonder." I believe it is wiser to have legislation placed on the statute books to last until it is repealed and not have legislation limited to a certain time, because the farm problem is so complicated you are not going to be able to solve it in 1 year, and there is no one thing which alone will tend to accomplish that purpose.

We have here a pretty flexible bill. There are several different plans which may be used. If it is found desirable, even the domestic-allotment plan is provided for in the bill. I believe the plans will have to be varied and changed as the years go by. It was with the thought in mind which the gentleman suggests that we made this provision very flexible.

Mr. LANHAM. My colleague the distinguished chairman of the Committee on Agriculture and I hail from a State which produces more cotton than any other in the Union, and back in normal times produced, I believe, one-third of the cotton of the United States and one-fourth of the cotton of the world. By reason of the fact that our local mills in the State handle only a maximum of about 200,000 bales of cotton a year, and in view of the fact that our production is so far from the other American mills that the cost of carriage on the commodity is so great we are denied the opportunity to sell to those mills, about 90 percent of our large production has heretofore gone into export channels. Of course, cotton being our money crop, we cannot quickly go into some other line of business, because we are accustomed to the growing of cotton and the climate and soil are adapted to it.

I do not wish to prolong this discussion, but may I ask this question: What will be the situation with reference to the cotton crop in a State 90 percent of whose production goes for export? What would be the situation of such a State with reference to export cotton under the provisions of this particular bill?

Mr. JONES. Under this particular bill, as I conceive it, the exports would not be materially interfered with and would not be interfered with at all when the price got up to anything like a compensation for growing.

Before a quota could possibly be voted, even by the farmers, there would have to be a supply of about 20,000,000 bales and there certainly would not be any price that would forbid its going into export. I do not want to see such a program fashioned as would prevent cotton from going into export and for that reason I have insisted on having any such control fashioned so it could be handled properly.

Mr. LANHAM. I would like to ask the gentleman one further question, because I am seeking light. We get reports that other cotton-growing countries, for instance Brazil, have doubled or trebled their output of cotton. How much of that cotton is going to foreign markets and how much of it is superseding our previous exportation of cotton?

Mr. JONES. I will admit, frankly, that the foreign growth of cotton has increased, but here is an interesting thing. It was very materially increasing before we had a program. The greatest increase in foreign production of cotton was between 1921 and 1925. The acreage in 1925 in foreign countries was almost as great as it is this year. Then it sank down a while. I think our program at least had a tendency to increase foreign production, but they were going into cotton production long years ago. Immediately following the World War, when they saw the vital need of cotton, they all began to try to grow cotton. Between 1921 and 1925, they got up to the acreage they had this year, practically. In 1925 and 1926 I think it sank somewhat, but recently it has been coming up continuously. Production has increased more in the last 2 or 3 years than in other years, and this is a thing we cannot ignore, but I do not think it was altogether due to the farm program.

Mr. LANHAM. Is it not also true that during this period probably we have allowed the grade of our cotton to deteriorate and have not kept up in that regard?

Mr. JONES. I think so and I believe some provision should be made to encourage better grades.

Mr. TARVER and Mr. LUTHER A. JOHNSON rose.

Mr. JONES. I yield first to the gentleman from Georgia, and I hope my colleagues will confine their remarks to questions.

Mr. TARVER. My questions will be rather brief, but I will have to make them broad enough so the gentleman and the House can understand what I am trying to bring out.

During the administration of the Bankhead Act we found it operated very harshly on the little man, the tenant, the sharecropper and the small producer, and we all professed much sympathy for them. Has the gentleman's committee made any effort to provide reasonable exemptions for small producers, tenants and sharecroppers in this bill? The Senate bill provides for a 5-acre exemption, which is possibly too much, while the gentleman's bill provides for no exemption whatever.

Mr. JONES. I do not agree with the gentleman's statement. We do not provide a direct exemption to which the gentleman refers, but I regard ours as better than the Senate exemption. Of course, if you are going to have a 75-percent penalty, which the Senate provision requires, there would be a good deal more need for a higher exemption. We provide a double-gear method of approach in this matter. We provide first that on the big payments where a man gets over \$2,000, or would otherwise get over \$2,000, there is a 25-percent reduction on the amount of payments to the extent that they exceed the \$2,000. This will make a little additional fund that would naturally fall into the lower brackets. Then we hold back 2½ percent of the total allotment to be distributed to those who would otherwise receive an allotment of less than 15 acres. We also have a provision which, I think, will have the effect of preventing the landlord from driving his tenant off the place. There has been some of this, but I do not think anything like the amount that has

sometimes been stated. I think it has been spotted. We provide that if a landlord has a number of tenants, when he reduces the number of acres that he operates through tenants, or if he changes the relationship in any way so as to increase his own payments, that fact shall not operate to increase his payments. In other words, if a man had four tenants and took two of them off and reduced the amount to one-half, he would not get any more payments than he would otherwise. We discussed in the committee the question of a direct exemption. We did not have an agreement on that. An exemption of five bales, an exemption of two bales, an exemption of three bales and an exemption of five acres were all considered. The trouble with an acreage exemption is that in the irrigated areas they might make a bale and a half to the acre. We discussed the further proposition of a five-acre exemption provided that on the five acres the production was not exceeding a certain number of bales, two bales or three bales.

We reached no conclusion, and took this other method because we thought maybe that would be the most effective way out of it. What does the gentleman think ought to be done?

Mr. TARVER. Possibly a certain acreage exemption. What the gentleman says with regard to production on irrigated land is not any more impressive in the matter of exemption than in the general plan of the bill. You propose to make your allocations entirely upon the basis of acreage and not production.

Mr. JONES. It is not the same argument at all, because you have your certain production. You profess to want to make a special provision for the small producer. I think if someone can suggest a simple exemption I would not be averse to having it, if properly safeguarded. I think perhaps we would be accomplishing the purpose that way.

Mr. TARVER. Will the gentleman yield for another question?

Mr. JONES. Yes.

Mr. TARVER. Will the gentleman explain with reference to the cotton portion of the bill when this marketing quota is to be effective with this tax of 2 cents a pound?

Mr. JONES. I have just finished explaining that. I am sorry if I did not make it clear. The 2-cent tax can only go on the excess production of a man who refuses to go on with the soil-conservation program. I am trying to give it a little more in detail than I did before. Then only when the production and supply reach about 20,000,000 bales in this country is it possible to put that penalty on, and then only when not more than one-third of the farmers vote against it—those who are subject to quota.

Mr. TARVER. Then it would not be placed on next year's crop?

Mr. JONES. No; it could not be.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. COX. The gentleman's introduction to his discourse was very strong, and he has answered in a fine way the rumored suggestion of amendment, but he yielded to questions before he had proceeded to the point of making a close analysis of his bill. Will the gentleman find it possible during the debate to do that?

Mr. JONES. I shall undertake to do so. I think some of the other Members who have studied particular commodities would better discuss them without being hampered by my going over them.

Mr. LUTHER A. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. LUTHER A. JOHNSON. One thing I was asked in my district. Everybody was complaining. They all condemned the base acreage plan. I would like to ask the chairman if that has been changed.

Mr. JONES. That has been changed to a tilled acreage basis.

Mr. LUTHER A. JOHNSON. I am very glad that change has been made.

Mr. MAHON of Texas. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. MAHON of Texas. As my colleague has already pointed out, one of the major objections to previous farm legislation has been discrimination as between farmers living in the same community. As I understand it, under this bill we are going to proceed upon the tilled acreage basis. I want to ask the chairman if all farmers in a county having farms of identical size will be given identical allotments as to acres, regardless of the amount of cotton or the major commodity they plant during 5 years.

Mr. JONES. That is true in reference to soil-depleting crops. They may not get the same quotas on cotton, but ultimately they will. They may not do it the first year because there will be a gradual adjustment, but if they grow other soil-depleting crops, they must take that out of the acreage on cotton.

Mr. THOM. Does this bill have only the approval of the Democratic members of the House Committee on Agriculture?

Mr. JONES. No; it was not a strictly party vote on that proposition. There are one or two of the minority members I know that voted for it. I did not look at it in that way. We do not have any politics in the committee in this matter. I did not try to find out who voted for it or who voted against it. There was an honest difference of opinion. It is the most earnest and hard-working committee I have ever had contact with. They came there day after day, and we met at night, and I know they have tried as hard as any committee could try, and they have tried with the least partisanship that I have ever seen shown in the committee. I did not bother to find out what the basis of division was among them. I believe the members voted their honest convictions.

Mr. PACE. I did not understand the gentleman's answer to his colleague from Texas in saying that the allotments would not be the same if the acreage was the same. The bill distinctly states—

Mr. JONES. It does; but that is qualified two or three paragraphs later on, where they take into consideration soil-depleting crops in making up that percentage.

Mr. CHURCH. Will the gentleman explain why section 32 is not used more?

Mr. JONES. I am sorry I cannot explain that. They are gradually getting around to it. I think perhaps they at first did not realize the importance of that provision. I think they are doing so more and more as they go along.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield for a question.

Mr. RANKIN. I have two or three questions I would like to ask. As I understood the gentleman from Texas in the beginning, I thought I understood him to say that the amount of cotton a farmer would be permitted to plant would be based on the amount of acreage in cultivation, and that each farmer would be limited to the same percentage of his cultivated land. Is that correct?

Mr. JONES. That is right, on soil depleting crops. You understand there are certain farms that have both wheat and cotton; there are a great many of them around the fringe of the field.

Mr. RANKIN. I am talking about cotton.

Mr. JONES. Where it is cotton, that is correct.

Mr. RANKIN. A man in Texas, Arkansas, and Mississippi, with 100 acres each in cultivation, if the amount specified is 70 percent, it would apply to all of them, regardless of the kind of land that is cultivated?

Mr. JONES. If he has had it in tillage for 5 years. It takes an average of the 5 years previous.

Mr. RANKIN. The trouble we had with the old Bankhead bill was that it drove the little farmer out of his field

by cutting his cotton acres to the point where he invariably could not make enough to pay his taxes and the interest on his debts. Why not give us a floor on this of, say, 5 bales?

Mr. JONES. There are more than 2,000,000 cotton farmers. They grow an average of not much more than five bales. You would exempt all of them. There is no use talking about that. We make some provision, and if it is desired to have a small exemption, plus what we have—we have two different provisions that give him an advantage, but if the House wants to make a slight additional provision—I do not know whether it is necessary or not, but let us not make it high enough to wreck the program. There is nothing to forbid a man planting anything he wants to.

Mr. RANKIN. I understand. The only thing I am interested in is the protection of the little fellow who has heretofore been unable to raise enough cotton to pay his taxes and interest on his debts.

Mr. JONES. May I proceed a few minutes without interruption, and then I am going to yield the floor to other Members.

The CHAIRMAN. The time of the gentleman from Texas [Mr. JONES] has expired.

Mr. JONES. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. MICHENER. Mr. Chairman, reserving the right to object, the gentleman from Texas is chairman of this committee and should thoroughly understand this bill. Some of us do not know about this bill. I think it is due to the House that he explain the bill.

Mr. JONES. I hope the gentleman was here when I made the explanation that there are certain members of the committee who have made a special study of different features. I want to reserve a little time for the conclusion of the debate, if it is necessary, and I do not want to take up all the time now. I want to give these other members who have made a special study of different features a chance to explain them.

The CHAIRMAN. Is there objection?

Mr. MICHENER. Reserving the right to object, Mr. Chairman—

Mr. JONES. Mr. Chairman, I ask for the regular order if the gentleman is going to take up all the time.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. JONES. Mr. Chairman, I hope that the Members will remember the basic philosophy of the bill, and in presenting their amendments will do so carefully, and check them wherever possible.

I regard this as a measure of great importance. I hope the House will not lose the basic philosophy that is behind the whole farm program; that is, the farmers' right to an offset to the tariff. I hope they will not go off after extreme measures that would either overlook our farm production altogether or go to the other extreme and overlook the price altogether. I hope they will be willing to work for a sound, fair program that will drive back toward the fundamental philosophy upon which this Government was founded and on which it has grown great: that of equal treatment for all its citizens. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. HOPE. Mr. Chairman, I yield to the gentleman from Arkansas [Mr. FULLER] such time as he may desire.

Mr. FULLER. Mr. Chairman, the wage and hour bill, commonly known as the Black-Connery bill, is nothing more or less than an N. R. A. It creates a drastic autocratic dictatorial board of five members, clothed with authority to direct the destinies of the farmers, the laborer, small merchants, and the industries of America. It has authority to hold hearings and use Department of Labor in-

investigators to pry into the private affairs of individuals and industry and authorizes the board, irrespective of advice from committees, to fix wages and hours for the whole or any part of any industry in the United States. Its sole purpose is to limit labor to 40 hours per week at 40 cents per hour. It goes far beyond the N. R. A., which was an emergency measure and which caused more people to be employed at higher wages but passed the additional cost on to the consuming public. Its temporary purpose was good for big business, and it accomplished much. Later it proved to be the most unpopular measure of this or any other administration. It was not only declared unconstitutional by a unanimous vote of the Supreme Court, which included four liberal Judges, but its enforcement met condemnation at the hands of the general public.

If this measure is enacted into law, most of the personnel of the N. R. A. will be restored to their former positions and be a constant nightmare to business and industry. It will take an army of employees, larger than any bureau now in existence, to formulate codes and enforce the law, including rules and regulations of the board which will carry fines and jail sentences. Such delegation of authority is an acknowledgment of lack of ability to legislate except through dictatorial boards, the membership of which, with its multiplied thousands of employees, are responsible to no people, and could not be elected to any office. This centralization of power in Washington is contrary to every principle of democracy and Americanism.

The friends of this bill have been claiming that it was demanded by organized labor. Yet at the C. I. O. convention on October 16, 1937, Mr. John L. Lewis is quoted by the press as referring to this wage and hour bill as "that halting miserable wage and hour bill." If he is now for the measure, it is because Mr. Green is opposed to it. So desperate was the committee to get approval of labor that its chairman contacted the leaders and on November 22 received a four-page letter from William Green, president of the American Federation of Labor, denouncing the measure in no uncertain terms, especially at this time when, on account of a recession in business, there should be cooperation between industry and labor. In one paragraph he says:

On August 9, 1937, the American Federation of Labor stated as its position on the fair-labor-standards bill, as approved by the House Labor Committee, that the bill "was reasonably acceptable and fairly satisfactory to labor." This position must now be qualified to give effect to the two new factors not then existent: (a) The recent experience since that date of labor, of governmental agencies, and of the public in the administration of the National Labor Relations Act, and (b) the serious and adverse changes in the economic and industrial life of labor and of the Nation, to which the President of the United States directed attention of the Congress in his special message of November 15, 1937.

The Rules Committee, before which this bill is pending, refuses to report it, and the friends of the measure are now vainly endeavoring and using every pressure possible to bring it to the floor of the House for consideration by a discharge rule.

The President in his message to Congress of the 15th stated that there was a marked recession in industrial production and industrial purchases since the adjournment and in a conciliatory and able message appealed to business for cooperation. Regarding this labor bill he said:

This does not mean that legislation must require immediate uniform minimum hour or wage standards; that is an ultimate goal.

Since labor, agriculture, business, and industry are so bitter against this measure, we wonder what is the influence and power demanding its passage. As a face-saving proposition, the committee offers to cut out the board and place it in the Labor Department. This is like jumping out of the frying pan into the fire.

What good would shorter hours and higher wages do without a job? Being from the laboring class and one of that great multitude for many years, I have been entitled to and have received the voluntary endorsement, since a Member

of Congress, of all union organizations. I am still strong for labor, which deserves fair treatment and better conditions. There can be no doubt that the enactment of this measure will lead to the detriment of labor and add to the woes of the unemployed.

Men who have money invested in industry and in business should go along on all reasonable matters for the best interest of labor, but when you place their backs to the wall and require them to face bankruptcy they will fight in self-defense. You may lead a mule to water, but you cannot make him drink, and he will not drink if mistreated. Outside of the densely populated north and northeast portion of the Nation this bill will sound the death knell for thousands of business establishments. It will mean that labor-saving devices and machinery will be installed. People who have money and desire to invest in business and industry will hesitate and fail to venture.

Competition is the life of trade and has made America what it is today. This measure will kill ambition, retard progress, thrift, savings, and payment of debts. The time has not come in America when men are going to invest and keep their money in business and not have a voice in the operation and where every action is under the scrutiny of special Government investigators.

The measure provides that any employee may request or consent for any claim for wages to be assigned to the board for the purpose of filing suit against the employer for the same, including costs and attorneys' fee, although the board is exempt in all matters for costs and attorneys' fee. Did you ever before hear of the Government inviting and encouraging civil claims for collection? It would mean a multiplicity of lawsuits generally based upon hatred and without merit. Would you put your money in industry under such conditions?

The board is authorized to investigate any business and make transcripts of records—

Investigate such facts, conditions, practices, or matters as it may deem necessary or appropriate to determine whether any person has violated or is about to violate any provision of this act * * * or in obtaining information to serve as a basis for recommending further legislation concerning the matters to which this act relates.

All through this act business and industry are presumed to be crooked and unable to manage and prosper without governmental guidance. These investigators are called from the Department of Labor. How would you, Mr. Citizen or Mr. Businessman, like to have an investigator come into your front door in the morning, your side door in the afternoon, and in your back door under the cover of darkness to copy your records for further legislative purposes or for evidence that you were incompetent or crooked?

You cannot regulate hours and wages of labor without regulating and fixing prices. The two are inseparable. The American people have always been and are now opposed to uniform price fixing for the entire Nation. We all know that the shortening of hours and the increasing of wages means higher prices for manufactured articles.

Donald Richberg, former N. R. A. Administrator, an outstanding authority and representative of labor, warned the Joint Labor Committee that Federal price fixing would be the necessary sequel to the Black-Connery wage-hour bill. He is reputed as having urged sharp curtailment of the administrative powers in this bill and that Congress should confine itself to outlawing oppressive wages and hours. He said:

When we undertake by law to fix and enforce reasonable wages, we must assume a responsibility also for fixing, directly or indirectly, reasonable prices.

Those who favor this measure acknowledge this is true, but they say, "Add it on to the commodity and pass it on to the consuming public." This is exactly what will happen and there is no telling how great the burden will be. It is safe to say that the burden will be far greater to the masses than the special benefits to the favored few. We have been

passing the buck and the burden on to the consuming public by taxes and otherwise, until today the cost of living is practically as high as in the boom years of 1928 and 1929 and almost as high as during the World War. We have just witnessed sit-down strikers winning a victory in certain automobile industries, thus raising the price of cars over \$50 each and passing on to the public a 25-percent increase for parts.

Agriculture is exempt. Certainly not 5 days a week and 40 cents per hour for the farmer. He works nearly 80 hours per week, and should he go on a strike and fail to fill the Nation's bread baskets we would witness a famine. But in reality the farmer is not exempt. He will pay much more for the necessities of life; much more for fertilizer, seeds, farm implements, harness, lumber, roofing, fencing, and every other thing he buys. Yes; the farmer will pay and pay dearly, and later have to come under this measure and pay the wage for 5 days a week labor. It is no wonder the farm organizations oppose this measure. In my opinion, a vote for this measure will spring up like Banquo's ghost to haunt a Member, at least in every agricultural district.

It is generally understood that this measure only applies to industry engaged in interstate commerce, but under the terms of this measure all business is more or less affected. If a merchant in Indiana sells or produces an article which does not leave the local community and a firm across the line in Ohio is observing the hour and wage provision of this bill, the Board can make the Indiana merchant do likewise. Of course, such a provision is unconstitutional, but the hope is retained by the "brain trusters" who drew this measure that our great charter of liberty will be changed, repudiated, or forgotten. What applies to the small retail merchant will apply to the little sawmill 50 miles from a railroad, and bankrupt the lumber and stave industry, canners, and practically every industry in my district.

I have only mentioned a few of the many unreasonable provisions.

Little business is made the goat under this bill, while big business of the East will reap the benefit by creating a monopoly and by driving the little fellow into bankruptcy. Big business is unionized and union labor is exempted. It used to be the boast of democracy that it stood for the commonalty, that it stood for the people ruling. It has always been the boast of all parties that the people should rule and run the Government, but under this measure the people no longer have any voice, and it is the Government running the people and their business, with practically every opportunity of management, the exercise of judgment, and the display of ability taken away.

It creates a bureaucratic government clothed with authority to go into the sanctuary of the homes under the guise of Federal investigators and find out about your private business transactions. No longer would the home and private place of business be sacred, your castle, your home. It is an expansion of the Federal Constitution under the interstate-commerce clause that was never thought of before. No such attempt was ever made to divest the States of their rights. If it were not for our political conscience, which sometimes makes legislative cowards of us, I doubt if this measure would have received a respectable consideration.

Representative GRISWOLD, of Indiana, a member of the Labor Committee, carrying a union card, on August 10 on the floor of the House well described this measure as a monstrosity. He said:

We have, in this wage and hour bill, gone into the legislative laboratory and have taken from the shelf a little of the knowledge of wages, a little of the knowledge of hours, less of the knowledge of business competition, slightly less of the knowledge of plant management, a teaspoonful of the machine age, a couple of drops of freight rates, a great amount of hope, and an insignificant portion of faith, and mixed them all together and bottled them in the high explosive in this bill. Congress has mixed it hastily and we can know the old adage will hold true that "what is done in haste can be regretted at leisure."

No doubt our President stands for the principles of this measure, but I cannot believe he knows its contents. The title to a bill does not always disclose its real contents. The blackest Negro I ever knew was called Snowball.

Every Member of this House knows of my high regard and loyalty to President Roosevelt. I have been almost 100 percent for his program, though sometimes with misgivings. I consider him the greatest ruler and greatest humanitarian of the world. His social welfare program, his leadership in restoring agriculture, industry, and labor from bankruptcy to a firm foundation has not and never will be equaled.

But the honeymoon is over. If this great program is to live, as it should, we must stop, look, and listen. We should economize, balance the Budget, and not kill the last goose which lays golden eggs. We should get and keep the Government out of business and revise the undistributed-profits and capital-gains taxes. The public debt must and will be paid, but it must come from taxes and mostly from the wealthy. If business is handicapped so it will not venture and invest, if it lacks confidence or cannot profit, from whence will the income be derived for Government expenses?

Labor has profited much from this administration. Their demands for a National Labor Relations Act have been granted and also pensions for railroad employees. We now find this Wagner or Labor Relations organization is a perfect C. I. O. set-up—a fair example of a bureaucratic board already hated by most labor.

Sit-down strikers in their un-American procedure are still going strong and have escaped censure at the hands of Congress and the administration.

It is now well known that there is a recession in business which lacks confidence and will not cooperate; that by reason thereof the national income is materially dropping off. The reason for such a condition is this hour and wage bill. Let us give business a chance to prosper by defeating this measure. Let us go to the intersections, pull down the red danger signs, switch on the green lights which will be an assurance the road is clear and safe. We will then see a prosperous and contented people.

Mr. HOPE. Mr. Chairman, I yield 1 hour to the gentleman from Minnesota [Mr. ANDRESEN].

Mr. ANDRESEN of Minnesota. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and include such tables and quotations as may be necessary to complete my statement.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. ANDRESEN of Minnesota. Mr. Chairman, I dislike very much to be in disagreement with the distinguished chairman of the Committee on Agriculture. We have worked together on that committee for a great many years. I would rather go along and support legislation sponsored and advocated by him, but with particular reference to most of this bill I find myself in entire disagreement with the philosophy which the gentleman has expressed, and which is now contained in the proposed Agricultural Adjustment Act of 1937 which is before you.

The duties of this extraordinary session of Congress were to bring about the passage of a permanent and sound farm program and to pass such other laws as were necessary in the President's program. The primary purpose of the special session of Congress, therefore, is to enact sound and beneficial, as well as permanent, legislation for the farmers of this country.

The farmers are interested in one thing and in one thing only: The securing of parity income, parity prices, or cost of production for the things on the farm that they must dispose of in the public markets. If this bill can accomplish the objectives desired and demanded by the farmers then we shall have passed the proper kind of farm legislation. Those of us in the minority are positive that this bill will not accomplish these purposes. Whatever we do in this session, therefore, if the bill as it now stands is adopted by the Congress and enacted into law, will be just another failure to be chalked up with the failures of the past. Instead of passing legislation to do something "for" the farmers of the country we shall be here today and in this session passing legislation to do something "to" the farmers; a rather unheard of thing in our land. I subscribe generally to the proposition advocated by our chairman and expressed

by the first Secretary of the Treasury, Mr. Hamilton, with reference to protection and with reference to giving agriculture economic equality and a share in the benefits of our protective system. I think all of the members of the Committee on Agriculture, and I am sure most of the citizens of the United States, subscribe to this philosophy.

The compulsory sections of this bill, rather than encouraging and giving the farmers the benefit of the Hamiltonian philosophy will work in just the opposite direction; they will not only lower prices on the things the farmer has to sell, but they will take away from him his world markets on the exportable surplus, which are necessary for him to sell if he is going to secure any prosperity whatever in his farming operations.

One of the Members on the Democratic side asked a few moments ago whether this was a partisan opposition. I can say to the gentleman that in the 30 days of deliberation in our committee there has been no hint of partisanship; that the views expressed there by the various members of the committee have been to accomplish a common objective; that objective being to propose sound farm legislation which would bring parity prices to the farmers of this country. No hearings were held by our committee. Everything that was done by way of deliberation was done in executive sessions of the committee. Free and frank discussions were had on all of the controversial provisions of the bill; and I do not believe there is a committee of Congress that has worked more diligently in an effort to solve one of the most perplexing problems confronting the American people than this committee. We have had falling prices: Cotton has dropped from 14 cents a pound down to 7.75; corn from over \$1 a bushel down to the 35 and 40 cents a bushel; wheat from over \$1.30 down to between 95 cents and 60 cents; and all other farm commodities have dropped in about the same proportion. With more than 30,000,000 people living on the farms we recognize that this drop in prices has been reflected in a drop in purchasing power, and, consequently, it has contributed largely to the present slump, or depression, which exists in this country today.

We are apprehensive over the situation and in the committee our desire has been to bring about the passage of a farm bill that will restore the price levels, restore parity income, and start the wheels of industry again operating in this country for general prosperity.

It was decided to divide the committee into certain commodity groups so that each group could write its own ticket. The cotton group was represented by Members from the cotton section; the corn group was represented in part by Members from the corn sections; the tobacco group was ably represented by Members from the tobacco section and wrote its own ticket; and so did the rice group and others representing the five basic commodities of the bill.

After the committee had been in session about 10 days we started to count noses to see whether Members favored this or that type of legislation. When it came down to the processing tax, which by the way is not in this bill, and to compulsory control, by an overwhelming majority the processing tax was thrown out and so was compulsory control as advocated in the ever-normal granary of all-weather program, with the exception of compulsory control for corn and tobacco. The reason no action was taken or no opinion formed in the case of corn was due to the fact that several members of the subcommittee on corn were not present. So it was assumed by most of the members of this committee that processing taxes and compulsory control would be eliminated from the bill with the exception of control in the case of tobacco.

In arriving at this decision, and after a free and frank discussion, the Members representing the wheat farmers said that the wheat farmers did not want compulsory control. The Members from the cotton sections said that the cotton farmers did not want compulsory control of any kind, so they did not want it in the bill. This expressed the general sentiment not only of the members of the committee but also

of the farmers in the various production areas covered by the control provisions of the bill.

The decision was then reached, a general understanding it is true, that whatever program was presented to the House would be a voluntary one using the Soil Conservation Act of 1936 as the basis of the program with certain modifications and certain desirable amendments. The Soil Conservation Act, therefore, was improved and used as a basis for the new law. Certain objections were raised to the old provisions of the act. I will mention one or two of them briefly because I want to get to the control provisions of the bill. Last year's program for soil conservation cost the Federal Government \$397,000,000; \$500,000,000 had been authorized and \$440,000,000 was appropriated, but the Department of Agriculture and the A. A. A. officials used only \$397,000,000. Of this sum belonging to American agriculture more than \$40,000,000 was used for administrative expense, for travel expense, for lecture hire, the purchase of periodicals, and the cost of county committees, State committees, and for national administration. Forty million dollars, or more than 10 percent of the entire amount appropriated for American agriculture, was used for administrative expenses. Many of us on the committee felt that this expense should be cut down to within reasonable limits, but no action was taken.

We hope that the Secretary of Agriculture in administering the Soil Conservation Act in coming years will be guided by the suggestions of the committee.

We also feel that the benefit payments provided in the Soil Conservation Act should be changed and modified. In accordance with the policy adopted by the committee it was decided if any farmer received a benefit payment of more than \$2,000, whatever he received above that amount should be cut 25 percent. Some of us recalled what happened under the A. A. A. in 1933, 1934, and 1935, when hundreds, yes, thousands, of large commercial operators received from \$10,000 to \$1,000,000 a year benefit payments to produce less under a program which was later thrown out by the courts. We do not want a repetition of that scandal to take place in connection with permanent farm legislation. I feel an amendment should be adopted fixing a maximum limitation upon any amount that is paid by way of benefit payments.

The man who operates a family-sized farm is not the man who causes the difficulty in our surplus. He has a limited number of acres and generally a diversification of crops. He can plant only so much, and he must stop there. In operating a family-sized farm as he does, there is always a limit to the capacity of his production. The operators who cause the trouble are the large commercial operators who, with machinery, can plant and harvest thousands and thousands of acres of any of the basic commodities, possessing a low cost of production and adding enormous surpluses to an already overburdened market.

If we were to place a limit on the benefit payments we could safely place the amount at either five or ten thousand dollars rather than permit these large operators to receive \$15,000, \$20,000, \$50,000—yes, some of them will probably get more than \$100,000. The only limitation in this bill is that these latter farmers will be cut 25 percent of the excess over and above the first \$2,000 payment.

Some are wondering why we had a change in the philosophy of our committee. On November 15 we received the President's message asking us to pass an all-weather program. Then came pressure from the Secretary of Agriculture on our committee requesting us to put into effect and include in the provisions of the bill the ever-normal-granary or compulsory-control plan. The committee worked for 2 weeks perfecting this plan, with the assistance of experts from the Department of Agriculture, and today more than 60 pages of this bill are devoted to compulsory control. In my discussion I am going to deal with the practical side of the bill rather than talk in fanciful words and ideas as to something that we might try to accomplish.

This bill, H. R. 8505, is a new philosophy for American agriculture. It is a principle which seeks to add more power to an executive or administrative official so that he may

control the destinies of America's largest industry. It not only regiments American agriculture but it gives one individual the right under this law and upon the application of its formula to tell every farmer what he may do by way of production, what he may sell, and how he shall dispose of his farm commodities.

If Mr. Farmer does not live up to the instructions or orders of that executive, he becomes subject to a penalty which is collected through the Attorney General and the United States district courts of the various districts by legal processes and through intimidation. It is true there is a referendum provided for in the bill, and I will discuss that referendum feature shortly because I want to try to go along in a logical manner in considering the various provisions as they appear in the bill.

The bill covers five basic commodities—cotton, wheat, corn, tobacco, and rice. Just why rice was included in the bill nobody can explain, because the total value of the entire rice crop in the United States amounted to only \$40,000,000 for the current crop year. In the first place I want to say that all of the members of our committee are in thorough accord with reference to certain provisions of the bill.

First, we believe in a continuance of the soil-conservation program. Second, we favor a sound lending policy upon agricultural commodities stored on the farm or in terminal facilities, and also upon dairy products. Third, we favor the provision in the bill which relates to adjustment of freight rates. Fourth, the provision relating to new uses and new markets for farm products. Fifth, continuation of the Federal Surplus Commodities Corporation. The sharp difference of opinion comes over the compulsory feature and the failure to include any provision whatsoever giving the proper kind of aid to the dairy industry of this country.

There are several types of control in the bill. We first have, and we will first consider, the cotton title of the bill. Instead of attempting to control the marketing of cotton, we have acreage control. There is no limit on production or marketing. To illustrate, the Secretary of Agriculture will assign cotton acreage to every cotton farmer in the United States. He will allocate to and tell each cotton farmer how many acres he may use for cotton on his farm. The cotton farmer can do as he did this year in many parts of the country. He may increase the amount of fertilizer on his farm and, as Mr. Wallace said in his speech at Memphis, use some of the acres that had been in soil conservation in 1936 and 1937. Instead of producing an average of 170 pounds to the acre, because of extra fertilization and the use of soil conservation acres, the farmer this year produced 228 pounds to the acre.

Now, get this: The cotton farmer is only allocated a definite number of acres on which he may produce cotton. He may sell as much as he raises on those acres and he will not be subject to any penalty. However, if a cotton farmer having an allotment of 80 acres assigned to him by the Secretary of Agriculture should plant 90 acres he will be assessed a penalty, on the production of the additional 10 acres in the event of a sale of said cotton, of 2 cents a pound and he will also lose his entire benefit payment under the soil-conservation program. That penalty of 2 cents a pound is assessed against him and also against the man who buys the cotton, so that they will both be subject to the penalty.

There is a referendum in the cotton part of the bill as there is in all of the other compulsory titles of the legislation. This referendum provides that if one-third of the farmers vote not to put the program into effect, then the Secretary of Agriculture shall not put it into effect. The Senate bill provides that if two-thirds of the farmers vote to put it into effect it then goes into effect. The referendum takes place when supplies have reached a certain level and after the Secretary of Agriculture has issued his proclamation.

Within 20 days or so after he has issued his order the marketing allotment and marketing quotas shall go into effect. He is supposed to contact all cotton farmers and give them a chance to vote in this referendum. Our distinguished chairman has stated there are 2,600,000 cotton farmers, raising on the average five bales to the cotton family. The assumption is that these 2,600,000 families will be given an opportunity to vote. If more than one-third of the cotton farmers are against the compulsory-control program, the program will not go into effect.

There is some question whether or not Congress has the power to delegate to individuals or private citizens the right to determine whether or not a law affecting them shall go into effect. The Supreme Court has held in the *Carter Coal Co.* case that such a referendum is legislative delegation of authority of the most obnoxious kind. Assuming this is still the law of the land, if referendum is thrown out by the courts, and at the same time the compulsory features remain in the bill, the Secretary then would be automatically forced, according to law, to put into effect the compulsory provisions of the bill and operate them in spite of the farmers' wishes.

There is a marketing quota with respect to cotton farmers, but it applies only to the man who raises a greater acreage of cotton than he is allowed to produce. I believe all cotton farmers will go into this program. They cannot afford to stay out of it, because under soil conservation they are going to receive a benefit payment of 2.4 cents a pound on cotton. In addition, if they comply with the program, they will receive a subsidy of 3 cents a pound on 65 percent of the 1937 crop. Further, they will get such other benefits as may be provided in the proposed legislation now before the House. Therefore, the cotton farmer is already assured of getting 5.4 cents a pound for the 1937 crop, and also for part of the 1938 crop. He just cannot afford to stay out of the program with cotton at about $7\frac{1}{2}$ to $7\frac{3}{4}$ cents a pound. Therefore, you will find that most of the farmers will gladly comply with the program in order to get the benefit payments which have heretofore been authorized by law.

We must recognize there is a serious situation in cotton. I am sure we should all work together to try to solve the problem; but how are you going to solve it? What has happened during the last 3 or 4 years, when we have had more or less artificial stimulation of cotton production by the Government? We find that while we have been curtailing, or, at least, attempting to curtail, production in this country, in order to raise the price level artificially, foreign production has increased and our foreign markets have decreased. We find that in 1932 and 1933 our exports of cotton approximated 8,000,000 bales. Foreign production for the same period was about 10,000,000 bales. During these years of artificial interference and stimulation on the part of the Government, while we have been trying to raise the price level, our exports have decreased from 8,000,000 bales to about 4,000,000 bales this year. Secretary Wallace stated in a speech at Memphis a short time ago that our exports had decreased from 45 percent in 1931 to 23 percent this year.

Mr. TRANSUE. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN of Minnesota. I am sorry I cannot yield now.

We also find that when our foreign exports have decreased foreign production has increased in about the same ratio, from 10,000,000 bales in 1932–33 up to 20,000,000 bales at the present time. The foreigners have taken away a large percentage of our foreign market for cotton. Therefore, this does represent a very serious problem for all of us to consider.

The average acreage of cotton in past years has been 43,000,000 acres, upon which have been produced from 13,000,000 to 15,000,000 bales of cotton a year. In 1937 the acreage has approximated 33,000,000 acres, upon which have been raised 18,200,000 bales, or the largest crop in the history of this country; and this, mind you, has been done on

10,000,000 acres less than during normal years. Thus, with a 6,000,000-bale carry-over, we have a total supply on hand of 24,200,000 bales, with less than 12,000,000 bales necessary for domestic consumption and the exports we are able to maintain. Every cotton farmer could stop raising cotton next year and we would still have a surplus at the end of the crop year of 1938, but this is not a feasible or desirable thing to do.

It is proposed that cotton acreage be cut to 28,000,000 acres in 1938, from the 33,000,000 acres used this year. Of course, if this land is all land which has been treated to soil conservation for 2 years, we shall probably produce another 15,000,000-bale crop, or if the cotton farmer doubles up on his fertilizer, we shall probably have a 15,000,000-bale crop instead of an 11,000,000- or 12,000,000-bale crop, as anticipated by the Secretary of Agriculture.

However, assume that we raise only 12,000,000 bales of cotton on the 28,000,000 acres; at the end of the crop year after the harvest we shall still have 24,200,000 bales of cotton, and the situation will be just as bad then as it is now, and probably worse, because by that time we shall have lost more of our foreign market, and if the present depression continues, there probably will be a drop in consumption of cotton in this country.

We would be better off if we would try to do something to help the cotton farmer revive his foreign market for cotton, and I think we can do this by applying to the proposed legislation the principles contained in the old so-called McNary-Haugen bill, which provided for two prices; an American price which gave the farmer protection for the part of his commodity which was sold in domestic consumption, and then gave him assistance in disposing of his surplus in the world market. This plan certainly will apply to wheat and will apply to any other world commodity.

However, compulsion does not solve the problem for the cotton farmer. If they would do the same thing with the cotton farmer they are attempting to do here with the corn and wheat farmer, they might in part solve his problem, because we have in the bill a different sort of compulsory control for wheat and corn than we find for cotton. A cotton farmer can plant his allotted acreage and market all he can produce on that allotted acreage, whereas the wheat and corn farmer also receives an allotted acreage, but in addition receives a marketing quota, so if he produces more than the normal production upon the allotted acreage, he is assessed a penalty if he should sell feed or give away the excess over and above normal production. Therefore there is a different type of compulsion applied to the corn and wheat farmers, a type which is not in effect as to farmers producing other basic commodities covered by the bill.

I now want to quote briefly from a cotton pamphlet that was sent to me by some southern people interested in cotton. They state, "Our competitors can take our entire foreign market in a few years unless we fight to retain it." This is from the Cotton Export Association. Another statement is that for each five bales of cotton lost in the export market one southern family goes on relief of some kind. The gentleman from Texas [Mr. JONES] has pointed out that the average production is five bales to the family.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN of Minnesota. I am sorry, but I cannot yield just now. I will yield later if I have the time.

I want to quote from a statement made by the chairman of the South Carolina Cotton Producers' Organization. He states with reference to this legislation:

We are convinced that we cannot achieve our declared objectives by any method of compulsory Government control.

There are a good many other statements to the effect that if the cotton problem is to be solved it cannot be solved by compulsion but must be solved by a restoration of our foreign markets, so that we may dispose of our surplus cotton in the channels of world trade.

We have another provision in the bill called the tobacco-control provision.

This section is probably the most ingenious section that has ever been conceived by human beings. Politically, it is soundproof and foolproof. Every man who supports it may be sure of being returned to Congress without fear of having imposed the sting of compulsory control upon the tobacco farmer.

I just want to pass upon it briefly, because it is so cleverly drafted that the distinguished gentlemen who prepared it should be given credit for being real statesmen.

In the first place, all of the small tobacco farmers are exempt from the bill or from the provisions of the tobacco section of the bill. In other words, farmers who produce from 2,400 to 3,200 pounds of tobacco are not subject to compulsory control, and, in the second place, the farmers who are subject to compulsory control are controlled, it is true, but there is no penalty to control them. The penalty is collected from the man who buys the tobacco from them and not from the farmer who knowingly and willfully produces and sells this contraband or bootlegged tobacco. So really everybody will be happy down in the tobacco section.

I shall not mention anything further about the tobacco program, because I know this will be a happy solution, and I want to go into the most drastic control provision in the bill, so, if there are any corn farmers here, and I see quite a few of them, I know they will want to be enlightened about the corn program.

This year our production of corn amounted to two billion five hundred million-and-some-odd bushels and, no doubt, the corn situation is critical and something should be done for the corn farmer and not to him.

You will notice that I have a small map mounted on this easel. The map is supposed to be a map of the United States. Within a certain area you will find red lines running across certain States in the Middle West. This area takes in approximately 10 States in the Mississippi Valley and the Ohio Valley. These States are designated as the commercial, corn-growing States. The corn farmers living within the red area are the corn farmers to be controlled and penalized. This year the approximate production within this area was 1,700,000,000 bushels of corn. Outside of this area, including Mississippi, Arkansas, and the other States, is the noncontrolled area, and in this area approximately 900,000,000 bushels of corn were produced as against the 1,700,000,000 within the area. The farmer within the area is to be penalized as to production, while the farmer outside of the area can raise, sell, or feed as much corn as God and fertilizer will let him produce without penalty, and it will therefore not be long before this red line will be extending down south as far as the Gulf of Mexico and north to the Hudson Bay.

Mr. CHURCH. Mr. Chairman, I make the point of order there is not a quorum present. I know the gentleman does not want it made, but I do. This matter is important, and I therefore make the point that there is no quorum present.

The CHAIRMAN (after counting). A quorum is present. The gentleman will proceed.

Mr. ANDRESEN of Minnesota. Within the commercial areas designated by the red lines on the map each farmer is given a definite acreage allotment; that is, acreage upon which he may plant corn. He is also given a marketing quota when these control provisions go into effect. He is required to place in storage so much of his crop as is produced over normal production, so that if a farmer has an acreage allotment of 100 acres and his normal production is 30 bushels to the acre, or 3,000 bushels, and he should accidentally and unfortunately produce 3,600 bushels, he would be required to put 600 bushels in storage in the corn crib on his farm and under seal. He could not sell that corn or give it away or feed it to his livestock. If he did, he would be subject to a penalty, while, on the other hand, the farmer living outside the area can raise as much as he is able, feed as much as he wants,

and he is in no way subject to penalty. The Secretary has advocated that this quota go into effect when we have a total supply in this country of 2,885,000,000 bushels of corn. The theory is that we will raise the price of corn when this proposition of control goes into effect. Some of our corn friends have said it should go into effect when we have 2,900,000,000 bushels of corn, or 15,000,000 bushels of corn more than the figure quoted by the experts from the Department.

What is the situation this year? Here we have a total supply of 2,711,000,000 bushels of corn, with the price around 35 cents a bushel, and then they say if we have 200,000,000 bushels more, the price will go up. Instead of having an ever-normal granary, we will have an abnormal granary, and anyone who deals in practical figures or sound economics knows that the larger the supply, the lower the price. We are assuming in this legislation to deal with something that is practical. As I said, the farmer in the commercial area is required to put this surplus of corn in his corncrib. If he does not have a corncrib that meets the requirements of the Secretary, then he must build one, according to the specifications laid down by the Secretary of Agriculture. The corn farmer will also find that he will have tens of thousands of political-minded agricultural G-men out measuring, weighing, and examining what he has in his corncrib and how much he has raised upon his farm—all on the Government pay roll. Then, on top of all of that, he will have the Attorney General of the United States collecting a penalty of 15 cents a bushel against him if he does not live up to his part of the program. Mr. Chairman, the program is unsound and unworkable and will do more damage to the corn farmers of this country than any other scheme that might be proposed. The farmers in the corn sections do not want the program. No farm organization wants the program, and why should Congress proceed to legislate here and give the farmers something they have no desire for and do not want anything to do with?

I must come now to the wheat program, as my time is running. Wheat is a world commodity. The Secretary, or author of this bill, provides that we are to have acreage allotments and marketing quotas also for wheat, and that a farmer must store up to 20 percent over and above the normal yield when the compulsory features become operative. The program will go into effect when we have a total supply of 1,027,000,000 bushels of wheat. The same kind of a penalty is imposed, with the same kind of operation. There is a referendum, it is true, in all these control provisions, but it is plain to me that this referendum will be thrown out by the courts, and then the farmers will have one dictator to control their destinies for the future.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN of Minnesota. I am sorry. Just let me complete this, and then I shall yield as soon as I get through. The corn farmer is going to receive a benefit of 10 cents a bushel on the normal production of corn he raises on his allotted acreage. The wheat farmer will receive a benefit payment of 12 cents a bushel on the normal production of wheat raised on the acreage. I should correct that. It is not the normal production, but upon what he raises on the allotted acreage.

In the cotton South there are approximately 100,000,000 acres of land used for crop production. Experts from the Department said it was their proposal to cut the acreage of soil-depleting crops by 40,000,000 acres. They are to take these 40,000,000 acres of tillable land and plant them in legumes and soil-building crops. Agriculture is a very delicately balanced machine. When production practices are changed in one section of the country on a wholesale scale it is bound to dislocate something in another agricultural part of the country. If these 40,000,000 acres of cotton land and other submarginal land in the cotton South are planted in legumes and feed crops, we must naturally assume that they will not destroy those feed crops raised upon the land, but that they will use them in some manner.

About the only way in which they can use it is to feed it to dairy cattle and livestock, and that is just what they are going to do with it. Then what will happen? Throughout the United States, over a period of 50 or 60 years, the farmers have built up the livestock industry and the dairy industry, through the trial-and-error method. They have built it up to the point where we nearly have surplus production of dairy products in the United States. It would not take very much to unbalance the machine so that the dairy business will be in just the same situation as cotton is today. But if we, by Government subsidy, go ahead and subsidize the farmers on these 40,000,000 acres, to raise feed crops so that they can feed more livestock or dairy cattle, it would not be very long when they will have dislocated the greatest industry of agriculture, to wit, the dairy industry.

What has the dairy industry accomplished for the 1936-37 marketing year? The figures show that the production of milk is the largest agricultural business in the United States. The total value of all milk products was \$1,761,000,000. Cotton lint and cottonseed was \$984,000,000; corn, \$1,518,411,000; wheat, \$624,338,000; tobacco, \$269,000,000; rice, \$40,000,000.

So much for general dislocation. My colleague, Mr. BOILEAU, will offer amendments that will seek to correct the dislocation in this bill.

When the dairy farmers wanted to write their ticket into legislation, so that they might be included in the bill, they were all voted down in our committee. We did not ask for a subsidy for the dairy farmer. We did not ask for benefit payments. All we asked for was that all agriculture should have the benefit of the American market. We asked for the passage of proper and sound sanitary laws so that the foreign farmers producing dairy products and shipping them into this country would be required to meet the same standards and laws as now are in effect against the farmers of the United States. [Applause.]

The dairy farmers did not receive any benefits from the A. A. A. In fact, in the last 4 years their rights have been bartered away in connection with the reciprocal-trade policy. Dairy products are being dumped on our shores from foreign countries, bringing about lower prices for dairy products sold in the United States, and also taking the markets from the farmers who are entitled to the domestic market.

For the first 9 months of this year more than 10,000,000 pounds of foreign butter came into this country. More than 42,000,000 pounds of cheese were sold here in competition with the dairy farmers of the United States. Millions and millions—yes, hundreds of millions—of pounds of competitive vegetable oils and fats came in here to take the place of dairy and fat products produced upon our American farms. The dairy farmer is the only one who has a daily cash crop. You save his purchasing power and you will have accomplished something really constructive for the general welfare and for the general prosperity of all the people of our country.

I have set out and will set out in connection with my remarks certain amendments that the dairy farmers of the United States want. I will offer those amendments and discuss them under the 5-minute rule. You will find them in the minority report and in connection with my remarks here today:

ANDRESEN DAIRY AMENDMENTS

SECTION 1. The importation of agricultural products into the United States is hereby prohibited where the landed cost of such products plus the tariff duties are lower than the domestic cost of production.

The above amendment covers all farm products, since the dairy group is of the firm conviction that all branches of American agriculture are entitled to have the full benefit of the domestic market.

SEC. 2. The Secretary of State is hereby directed to discontinue the practice of binding on the free list or binding at the present rate of excise taxes agricultural commodities imported into the United States. The Secretary of State is further authorized to

advise the Governments of Brazil and the Netherlands that at the expiration date of the respective trade agreements the concessions granted by the United States with reference to binding babassu oil and starches on the free list and freezing the excise tax on palm oil at 3 cents per pound will not be continued.

Sec. 3. That on and after 6 months from the enactment of this act foreign shipments of dairy products into the United States are prohibited unless said dairy products have been produced from milk or cream of cows which are free from bovine tuberculosis.

The amendment designated as section 3 only seeks to compel foreign farmers who desire to ship their dairy products into the United States to comply with the same sanitary regulations and laws as are in effect for American dairy farmers.

Some people are wondering who is sponsoring this legislation. I tried to find out if any farm organizations were for it. We did not have any farm organizations appear before our committee. I thought possibly the Farm Bureau was back of this bill, but I was informed they are opposed to it. I will quote to you just what Mr. O'Neal, the president of the American Farm Bureau, said in regard to the bill, so that you Members who feel you must support the Farm Bureau will know that this is not a Farm Bureau bill. Mr. O'Neal said, under date of November 23:

"HOUSE BILL FAILS TO PROVIDE STABILITY OF PRICES," O'NEAL SAYS

"The provisions of the House Agriculture Committee bill as reported in the press today are wholly inadequate, ineffective, and entirely unsatisfactory to the American Farm Bureau Federation," President Edward A. O'Neal said in a statement issued at Washington, November 15, as Congress convened. Mr. O'Neal is in Washington, together with other Farm Bureau leaders, working in the interests of a new farm bill.

"Prices of corn, cotton, and wheat have tobogganed to unprofitable levels because of one season's surplus which the Soil Conservation Act was inadequate to prevent, drying up farm buying power and leading the Nation into another tailspin," he said. "The relationship of the present business recession to depressed agricultural prices cannot be ignored."

"Farmers want prices of their products stabilized at fair parity levels in relation to industrial prices and wages. This is absolutely necessary if we are to retain any measure of business prosperity and employment."

FARM SENTIMENT

"The House Committee on Agriculture, without open hearings, and going directly counter to the overwhelming sentiment of farmers as expressed at recent Senate hearings all over the country, is considering a farm bill which fails completely to provide for any effective maintenance or stability of farm prices."

"While this bill provides for accumulating additional surpluses, it fails completely to safeguard producers against the price-wrecking effect of these surpluses. Like the recently announced corn loan, which is offered at a rate far below parity, this proposed House bill discloses an astonishing lack of confidence in the future of farm prices. This lack of confidence and the abandonment of efforts to secure parity prices plainly indicates to farmers that if their confidence is no greater than that shown at Washington, they had better curtail their expenditures to the lowest possible point. The businessman also, if farm prices are not to be brought to parity, should expect no substantial improvement in his situation."

"The Farm Bureau will fight to the last ditch for reasonable and stable farm prices, and will oppose all weak and makeshift measures that can accomplish nothing but delude the farmer with false hopes."

HOPE IN SENATE

"The hope in the present situation rests in the Senate, where the Agricultural Committee is perfecting a bill for early submission to Congress which provides for an adequate ever-normal granary, with complete and adequate safeguards against its price-depressing effects, with price-stabilizing features definitely keyed to parity, and with democratic and farmer-managed control of production and marketing sufficient to make the whole plan workable."

"Open hearings recently held by the Senate committee at many points throughout the country have given the rank and file of farmers an opportunity to be heard, and they expressed themselves emphatically in favor of such an effective bill."

"The House bill, on the other hand, is fearfully bureaucratic, its provisions for acreage bases and commodity loans are woefully inadequate, and the bill is impotent to bring prices even within shooting distance of parity."

Mr. Taber, of the National Grange, which has just had a national convention, with 12,000 delegates in attendance, remarks in connection with compulsory legislation, "that they will permit no legislation to be enacted which will result in either immediate or eventual regimentation of the American farmer."

So we have the two large national organizations here in opposition to the bill which is now before the House.

Mr. LUCAS. Mr. Chairman, will the gentleman yield for a question?

Mr. ANDRESEN of Minnesota. I am sorry I cannot yield. The only conclusion I can reach, as long as the farmers do not want it, and as long as all of the farm organizations are opposed to it, is that it must be the so-called all-weather, ever-normal granary program now being sponsored by Secretary Wallace.

There is some question as to the constitutionality of this legislation. I call your attention to the citations in the minority report with reference to the Butler case which decided the A. A. A., wherein it is stated that the Federal Government had no power whatsoever to regulate or control agriculture. I will not take the time to read that decision to you. If the Butler decision, right or wrong, applies to compulsory control, and the decision in the Carter coal case as to the referendum stands, then you have given nothing by way of sound or permanent farm legislation to American agriculture. They are really expecting something from this extraordinary session of Congress.

I feel that the compulsory provisions should be stricken from this bill and that we should proceed to enact farm legislation using the conservation program and the other provisions of the bill outside of the compulsory features, as the nucleus around which to write a voluntary farm bill. Special preference should be given to the family sized farm as against the large commercial operators. The bill should contain a provision giving special preference to the farmers for that part of their commodities sold in domestic consumption. It should aid him in the disposition of his surpluses in the world markets. In other words, assist the farmer in a permanent program and help provide him a world market.

It is absolutely essential, furthermore, that we pass legislation which will protect the American farmer's home market to the limit of their capacity of production for domestic consumption. There should be evolved a permanent and sound loan policy on products stored on the farm. Low interest rates should be continued, and proper administration of the Farm Credit Agency should be provided to render the necessary aid to distressed farmers.

If we are to save our country we must get back to earth again and do some sound thinking and quick acting, for we cannot be forever blowing bubbles. [Applause.]

Mr. Chairman, I now yield to my colleague the gentleman from Minnesota [Mr. KNUTSON].

[Here the gavel fell.]

Mr. ANDRESEN of Minnesota. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

Mr. DOXEY. Mr. Chairman, reserving the right to object—and I shall not—it is my understanding that the time was limited and controlled by the two sides. I shall be delighted to cooperate.

Mr. ANDRESEN of Minnesota. If my colleague will permit, I would remind him that the gentleman from Texas [Mr. JONES] was granted additional time.

Mr. DOXEY. In view of that fact, I shall not object. I just desired to have an understanding.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KNUTSON. Mr. Chairman, I understood the gentleman from Minnesota to say that under the bill which was proposed the cotton acreage would be reduced from 33,000,000 to 28,000,000 acres.

Mr. ANDRESEN of Minnesota. That is correct.

Mr. KNUTSON. The acreage taken out of production would be devoted to the growing of legumes. Five million acres would produce from 12,000,000 to 15,000,000 tons of alfalfa. There is only one class of livestock to which we feed alfalfa—dairy cattle. Assuming 3 tons of alfalfa to a cow and 200 pounds of butter per cow per year, this would make a total increased production of butter of 900,000,000 pounds. Where would that leave the dairy farmers of the North?

Mr. ANDRESEN of Minnesota. There is no question, I may say to my colleague, but what we would find ourselves in the same position the cotton farmer is in today, with a large exportable surplus on our hands and no place to sell it.

Mr. KNUTSON. We would have to nominate and elect Santa Claus for President if that condition came about.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN of Minnesota. I yield.

Mr. DONDERO. Can the gentleman inform the House the amount in dollars of competitive agricultural imports received in this country during the past year, I mean products that enter into direct competition with the American farmers?

Mr. ANDRESEN of Minnesota. The amount is very substantial. I cannot locate the figures just now but will put them in the Record. I may say, however, that for the first time in the history of this country the imports of competitive agricultural products have exceeded exports by \$135,000,000.

Mr. SHORT. The balance of trade is decidedly against us.

The CHAIRMAN. The gentleman from Missouri will please address the Chair when he desires to interrogate the Member having the floor.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN of Minnesota. I yield.

Mr. HALLECK. I have been very much interested in the map exhibited by the gentleman showing the so-called commercial producing areas for corn. Do I understand that when quotas are applied that they will be applied only in the areas colored red on the map?

Mr. ANDRESEN of Minnesota. The marketing quota will only apply within the commercial corn area. The experts from the Department stated, however, that in contiguous counties along the red line but outside of the red area, if production is increased to amount to 4 bushels per acre spread over the entire farm and 400 bushels for each farm, that the area may be extended to include that section wherein the additional production has taken place. As a result of this program we might eventually have a situation where this red-line area would be extended to take in a much larger territory because of increased production according to the formula.

Another thing in which you may be interested is silage. The amount of corn that can be planted for use as silage is limited, but in order to find out exactly how much you can put into your silo you must use a formula: $X+Y-Z=2\pi \times X$ =silage. [Applause and laughter.] It is said that we on the committee could not work that out, but that the average corn farmer would understand it. [Laughter.]

Mr. HALLECK. If the gentleman will permit a further question, is there any similar adjustment provision applicable to other basic crops?

Mr. ANDRESEN of Minnesota. Tobacco is on a somewhat restricted area, but corn is the only crop upon which there is a definite limit in a limited commercial area. Wheat is on a Nation-wide scale. Cotton production is on a Nation-wide scale, likewise rice.

Mr. HALLECK. As I understand it, approximately three-fifths of the Nation's corn is produced in this so-called commercial area, and approximately two-fifths outside that area.

Mr. ANDRESEN of Minnesota. The gentleman is correct.

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN of Minnesota. I yield.

Mr. REES of Kansas. As I understand it, a farmer living in one county may raise corn regardless of his control program, whereas the farmer in the next county just across the line would not be under the program; is that correct?

Mr. ANDRESEN of Minnesota. That is correct.

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 20 minutes to the gentleman from Michigan [Mr. Hook].

Mr. HOOK. Mr. Chairman, I stand in a rather strategic position in regard to this bill, being a member of the Agricultural Committee and having attended practically all of its deliberations. There is no cotton raised in my dis-

trict. There is no wheat raised in my district. There is no corn raised in my district. Therefore, I have no ax to grind and I can look at this bill from the point of view of an outsider.

First, I want to pay a compliment to the great man who is chairman of the Agricultural Committee. Last year when there was farm legislation before us, every farm organization in the United States appeared before the Committee on Agriculture, but no two of those organizations could agree. I heard the statement made here today that the Farm Bureau opposed this bill. I would like to know who was in favor of the bill recommended by the Farm Bureau? All the farm organizations appeared, and none could agree. However, the great chairman of the Committee on Agriculture, handling the problem truly and honestly, has presented a bill that I believe should be passed by this House.

I want to pay tribute also to another great member of that committee, namely, the ranking minority member, the gentleman from Kansas, Mr. HOPE, who also agrees with the chairman of the committee. Those two gentlemen have worked long and diligently on farm legislation, and their views, as a result of their study, should be given great credence.

I am interested in one phase of this bill and that is the part with regard to the milk situation. I cannot agree with my colleague from Wisconsin, neither can I agree with my colleague from Minnesota, with regard to the milk provisions on the question of grasses and legumes.

Some of my colleagues and others similarly influenced have spent a great many hours of the working time of Congress during the past 5 years in an effort to establish the idea that a shift to grasses and legumes would ruin the dairy and livestock industries.

Back in 1933, when the Agricultural Adjustment Act carrying the crop-control program was first launched, carping critics of the New Deal's effort to take the farmers and the Nation out of the slough of depression painted a picture of dire destruction to the dairymen if southern cotton growers were permitted the use of the contracted acreage for grasses and legumes and if corn growers and wheat growers were permitted to cover the acres taken out of wheat and corn with new seedings of meadow and pasture to conserve the soil that could later be used for feeding livestock. In discussing the agricultural conservation program of 1936 and 1937, the same sad picture was drawn by my estimable Wisconsin colleague and others who opposed the program. And, now that we are trying to support the agricultural adjustment program with more adequate control features, we are forced to listen to these fallacious arguments.

We have had 5 years of New Deal adjustment programs and are trying to draw up the program for the sixth year. Major crop adjustments have been accomplished. In 1934 about 36,000,000 acres were taken out of corn, wheat, cotton, and tobacco, and more than four-fifths of these acres were planted to grasses and legumes, home food and feed crops, farm woodlots, emergency forage crops to meet the great drought, or used for constructive erosion-control practices. In 1935 over 31,000,000 acres were so diverted and used.

By the way, when they tell you that all of these acres will be planted in grasses and legumes, they are misleading you because of the fact that woodlands are also included in the conservation program.

Mr. H. R. Tolley, Administrator of the Agricultural Adjustment Administration, estimates that—

Under the 1936 program approximately 3,000,000 applications for grants, representing perhaps 4,000,000 farmers, were filed. These include more than 1,200,000 in the 10 States of the North Central region, which roughly approximates the Corn Belt, and nearly 900,000 in the South. Cropland on the 3,000,000 farms totals nearly 284,000,000 acres. This is 68 percent of all the cropland in the United States. The total number of acres on which conservation practices were carried out under the program, according to preliminary estimates, was nearly 53,000,000. New seedings of soil-conserving crops made under the program included nearly 34,000,000 acres of legumes alone or in mixtures, around seven and one-half million acres of green-manure crops, and nearly 2,000,000 acres of new or improved pasture. Applications of limestone, superphosphate, or other chemicals were made on two and one-half million acres. Mechanical erosion controls, such as terracing,

contour furrowing, and protected summer fallow, were placed in effect on 5,000,000 acres.

Was the dairy industry injured? Were there any dislocations in the production of meat and milk due to the program? On the contrary, the cash income received by farmers for dairy products increased from \$985,009,000 in 1932 to \$1,417,000,000 in 1936, an increase of 43 percent. In the State of Wisconsin the income of Wisconsin dairy producers increased from \$93,573,000 in 1932 to \$131,916,000 in 1935, an increase of 41 percent. Does it look as though the Wisconsin dairy interests or the dairy interests of the Nation were injured by the increase in legumes and grasses encouraged on millions of acres by the programs authorized by Congress and administered by the Agricultural Adjustment Administration? Can it be that my colleague knows so little about dairying that he does not comprehend that the production of meat and milk is placed on a more efficient basis by a shift to more legumes and grasses? Increasing pasturage and properly cured roughage in the rations for livestock not only lessens the cost of production but improves the quality of milk and meat, safeguarding the health not only of livestock but of those who consume the livestock products. A major shift to grasses and legumes, made at the expense of corn, wheat, and cotton, which rank among our greatest sources of concentrated feeds, will not and has not increased the total production of meat and milk.

The report of the minority of the Agricultural Committee of the House states that—

The program intended by the bill before us, as announced by the Secretary of Agriculture, contemplates the taking of 40,000,000 acres of cotton, tobacco, wheat, and corn land out of present cultivation, and the planting of said acres into clover, alfalfa, and other legumes, ostensibly for soil-building purposes. These are feed crops that are fed to dairy cattle and other livestock.

Does not the minority know that the shift contemplated includes not only legumes such as clover and alfalfa but also grasses for pasture, meadow, and range purposes, and trees, and planned programs of erosion control such as strip cropping and terracing? Of course, grasses and legumes are feed crops, but as a class they will not produce nearly as much of total feed units as the 40,000,000 acres planted to corn, wheat, and cotton. The tobacco acreage, less than three-fourths of a million acres, is negligible. Corn, wheat, and cotton are the greatest sources of processed concentrated feeds such as corn feeds, bran, middlings, and other wheat feeds and cottonseed meal. These seeds are extensively used by the dairy industry. Farmers who increase their acreage of leguminous hay crops and available pasture need to buy much less of these high-priced purchased feeds; much less of their milk checks go out to the feed dealer when they grow a balanced ration upon the farm.

We are interested in this bill not only from the standpoint of the farmers but from the standpoint of the consumers. If cheaper milk can be brought about by the growing of more grasses and legumes, then let us have cheaper milk, so that we can give an adequate amount of milk to the children in the schools of America to which they are entitled and not have the under consumption that exists today. What we need is more milk and less cry with reference to reducing the amount of milk.

We, in Congress, have been subjected to one of the strongest lobbying programs ever known to prevent the inclusion of a sound and needed program of grass and legume increase in our agricultural conservation program at the expense of soil-depleting, basic commodity crops produced in surplus. There is sound reason to believe that undercover workers for distributors of manufactured dairy feeds are responsible for the promulgation of such false arguments as those presented by the gentlemen who are fostering the Boileau amendment.

Mr. BOILEAU. Will the gentleman yield?

Mr. HOOK. I refuse to yield.

Mr. BOILEAU. Is there some basis for the statement the gentleman just made?

Mr. HOOK. The arguments that dairying will be disrupted by more grass and more legumes at the expense of feed crops that produce more feed per acre is not borne out

by our dairy authorities and is not in accord with the experience of dairymen.

The minority report states that an amendment will be offered on the floor which seeks to prevent dislocation of diversified agriculture, and further that dairying will be ruined in all parts of the country in a few years. Can it be that they have forgotten the condition of the dairy industry back in 1932? It was prostrate then, and will be prostrate again unless an effective program of balancing our agriculture is continued. It was during the period 1929 to 1932 when the farmers of Kansas and other Western States could not get enough money from their wheat crops to hold their farms and, in desperation, turned to cows, greatly increasing the number of cows being milked in the wheat region. When corn brought less than 40 cents and the price of hogs was below the cost of production, the corn and hog growers also turned to the dairy cow to help them in their period of distress. Cotton growers of the South, when cotton fell under 10 cents, began milking all available cows. Large shipments of butterfat were sent to northern markets from Southern States during the period 1929 to 1932. These shipments were greatly reduced as soon as the cotton program of 1933 went into effect. The dislocation of the dairy industry that the gentleman from Wisconsin fears will certainly take place again if fair price levels are not maintained for the growers of corn, wheat, and cotton, so that they can make a living with these crops and will not be forced by harsh necessity to go into the dairy business.

There is no dislocation in a national program devoting one-fourth or more of our cultivated land in good farming areas to the production of pasture and meadow crops.

Congress has authorized, and the Department of Agriculture and the State experiment stations have conducted extensive researches in livestock feeding. If my colleague and those of like thinking would consult Mr. O. E. Reed, the veteran chief of the Bureau of Dairy Industry for nearly a decade, they would be told that an increase in the use of alfalfa, clover, and of improved pastures, would be most constructive to the dairy industry. Referring to conditions in my own State of Michigan in an address at the annual farmers' day program at the Michigan State College in 1936, Mr. Reed said:

The first step in the Cooperative Federal Agricultural Conservation Program is the attempt to shift a large number of acres of land now growing cultivated and soil depleting crops into such soil conserving and improving crops as alfalfa and other legumes. That is what Michigan has been doing for 15 years. Some dairymen fear that we may grow too much roughage and that this will ultimately result in increased production of dairy products. To throw some light on this point, let us examine the results of increased alfalfa acreage in Michigan and see what has actually happened to the State's dairy production.

In the 11-year period, from 1924 to 1934, inclusive, alfalfa acreage in Michigan increased from 321,000 acres to 937,000 acres, or nearly 200 percent. In the same period, the average number of cows milked in a year increased from 823,000 to 863,000, or only 5 percent, and total milk production increased from 3,621,000,000 pounds a year to 4,142,000,000 pounds, or only about 14 percent.

In other words it took Michigan 11 years to make a 200 percent increase in alfalfa acreage and a 14 percent increase in milk production. In the same time, the population of Michigan increased from 4,183,000 in 1924 to 5,093,000 in 1934, or nearly 22 percent. The extensive alfalfa campaign in Michigan produced as good if not better results, in increased acreage, as can be expected in any other State, and yet the increase in dairying has not kept pace with the growth in population and the increased requirements for an adequate supply of dairy products.

Now let's look at the dairy consumption situation on a Nation-wide basis. In 1931, our per capita consumption of dairy products was the highest on record, and amounted to 831.5 pounds per person in terms of milk. In that year our 124 million people consumed 103 billion pounds of milk.

In 1934, the last year for which we have figures, our 126½ million people consumed only 796 pounds of milk per person, or a total of 100 billion pounds.

In other words, in 1934 with 2½ million more people we consumed 3 billion pounds less milk than in the peak year 1931.

Per capita consumption in 1934 was 35 pounds less than in 1931. Had the rate of consumption remained as high in 1934 as in 1931, we would have consumed 4½ billion pounds more than we did.

Even in 1932 and 1933 per capita consumption was 24 and 34 pounds below the peak. With the increased population in those 2 years we should have consumed three and four billion pounds more milk than we did.

I call your attention to the lower rate of consumption in the last 3 years, principally to show that we are not consuming up to our known physical capacity. We have demonstrated that we can consume from 24 to 35 pounds more per person than we have in the last 3 years.

In my opinion, two factors contributed to the lower rate of consumption of dairy products in the last 3 years. One was the reduced buying power of a large percentage of the people, and the other was the average consumer's lack of knowledge concerning the necessity for dairy products in the diet. Many people not only curtailed their purchases of dairy products to fit a restricted income, but many others turned to the use of less costly substitutes because they were not sufficiently informed about the nutritive superiority of dairy products.

Two ways are open to combat this trend, and to stimulate consumption of dairy products. One is to meet the restricted incomes by cutting the cost of producing dairy products, which should make it possible to sell at less cost to the consumer; and the other is to produce the best quality of dairy products possible, and then advertise the value and importance of liberal quantities in the diet.

The agricultural conservation program should contribute to the success of these two procedures, because growing and feeding good quality roughage to dairy cows makes the best milk and the cheapest milk.

THE BEST MILK AND THE CHEAPEST MILK

The best milk is milk that contains a satisfactory vitamin A content. It is vitamin A that gives milk and butter much of their superiority over the usual substitutes.

Since milk constitutes such a large part of the diet of babies and growing children, its vitamin A content is of extreme importance. We have shown in experiments with calves and other young animals that a lack of vitamin A in the milk retards their growth and makes them susceptible to various fatal infections.

As you know, vitamin A is made in the body of the cow from a substance in the feed, called carotene. The vitamin A content of the milk varies with the carotene content of the feed. Since most grains contain very little or no carotene, dairy cows must depend on pasture grasses and other green roughages for the carotene and vitamin A they put in their milk.

Without a sufficient supply of carotene or vitamin A in their feed, dairy cows cannot produce milk that will sustain young calves, the cows will have difficulty at calving time, and their calves are likely to be born weak or dead.

The point I want to emphasize is that pasture grasses and other green roughages, or hays of good quality, are essential for a satisfactory dairy industry, not only because they are the usual source of the carotene or vitamin A needed by the cows for normal health and reproduction but because these good green roughages are needed to maintain the normal vitamin A content of the milk for human consumption.

The cheapest milk is milk produced on grass and roughage crops. Once the dairy industry has shifted on a large scale to a grass-growing, forage-cropping, roughage-feeding, soil-improving system of farming, our milk supply will be produced with considerable less cost for feed. Since feed accounts for about half the cost of milk production, cutting feed costs is an important place to center attention on reducing the cost of milk.

Aside from the fact that grasses and legumes conserve the soil fertility better than cultivated grain crops, they have an advantage to the dairy farmer in that they usually produce the nutrients for milk production cheaper than the grain crops.

We in the Bureau of Dairy Industry have recently tabulated all the available data we could find on the cost of growing various crops in 16 States. The cost of growing 100 pounds of total digestible nutrients varied all the way from \$2.02 in oats, to 83 cents in alfalfa hay and 64 cents in pasture.

The report of the Secretary of Agriculture for 1937 states that country appropriated some \$400,000 for that purpose. is the most favorable since 1930, and that there has been a pronounced recovery in the demand for fluid milk, cream, and ice cream. The per capita production of ice cream (factory), which declined 45 percent from 1929 to 1933, has increased rapidly, and it seems probable that production in 1937 will exceed the preceding peak in 1929. Milk and cream consumption per capita (milk equivalent) in cities and villages dropped about 12 percent from 1929 to 1934, but now the trend is again upward. The gross farm income from dairy products, which dropped to \$1,260,000,000 in 1932, was approximately \$1,850,000,000 in 1936.

Mr. J. R. Mohler, longtime Chief of the Bureau of Animal Industry, in his report to the Secretary of Agriculture in 1933, made this statement in regard to the need of increasing grasses and improving pastures for feeding livestock:

Grazing investigations have shown that although livestock do not produce so much from an acre of pasture as from an acre of harvested crops, the cost of feed from pasture is usually less and the return more than from harvested feeds. Experiments have shown also the high nutritive value of pasture and the acceptable quality of meat produced wholly from grass or from a combination of grain and grass. Therefore, a much more extensive use of grass in the national program of livestock production seems desirable.

The need of increasing the soil-conserving crops in order to protect our soils is apparent to all. It has been pointed out that in the comparatively brief history of our agriculture, one-sixth of all of our cultivated land has been ruined by soil-depletion and erosion, and another 50,000,000 acres seriously damaged. Conservation of our soils is as basic to the dairy industry as it is to all agricultural industries and to our national welfare. In opposing the increase in legumes and grasses at the expense of soil-depleting grain crops, my colleague from Wisconsin would take away from the dairy-men of his own State and the Nation the most effective way of cheapening the cost and bettering the quality of milk, and he would take away from the consuming public this most effective means of assuring a more dependable supply of milk and also of meat. If my colleague from Wisconsin should prevail and his amendment be passed by Congress, what would be the cost to this Nation as measured in the suffering and death of infants and children by the thousands and in the suffering and tears of worried and grief-stricken fathers and mothers? The protection of our resources, the security of the dairy industry, and our national health depend upon a sound agricultural conservation program that includes a greater acreage of cultivated land devoted to grasses and legumes. Without such a program, our outlook for the future is decidedly gloomy; a picture of increased eroded acres, impoverished farmers, undernourished people; a puny population to defend the liberties and resources of our great Nation.

My amendment to House Resolution 8505, aims to provide constructive means of increasing the consumption of milk in the interest of the public health, as well as of the dairy producers, and I am certain that we can go much farther by devoting our efforts to constructively increasing the flow of milk from producer to consumer than by keeping dairymen from shifting to grass and legumes to save on their feed bills.

I am offering an amendment to section 402 increasing the amount from \$10,000,000 to \$15,000,000. It provides that the entire sum be expended in the interests of the producers and consuming public. It especially provides that \$5,000,000 of the amount authorized shall be used by the Secretary to increase the consumption of milk, safeguard the public health, expand the marketing of milk for the producers, promote better methods of distribution of milk and its products in the interest of the consuming public and the producers alike.

When we find that the children of this Nation are not receiving an adequate amount of milk to properly nourish them, I believe it is about time to start methods to increase the consumption of milk. If the amendment to which I have referred is agreed to it will allow the Secretary of Agriculture to step into the picture, together with the Federal Trade Commission, for the purpose of cutting out the big spread that exists between the producer and the consumer. In other words, set up a distribution system that will properly bring down the price to the consumer.

Such a program has been made to work in England, and that country appropriated some \$400,000 for that purpose. I say that if \$4,000,000 of the \$5,000,000 could be used for the purpose of increasing the consumption of milk by the children in schools in order to bring to the undernourished children a proper amount of milk so that those children would be able to get at least a quart of milk a day, to which they are properly entitled, then we will not have to worry very much how much may be planted in grasses and legumes. We want the consumption of milk increased. We want at least a quart of milk to go to every child attending every school in the United States. When we have done that we will have taken a step forward so far as helping both the farmer and the consumer is concerned, but in order to do that we will have to straighten out the distributing system that is causing the great spread and the high price of farm commodities. We must start somewhere, so we might as well start with milk and set up a distribution system that will cut out the high cost of distribution.

It is worthy of note that experts who know what milk means to nutrition and health have told us that the very lowest diet should provide on an average of 2½ to 3 quarts of milk per person per week or its equivalent products in families with children.

The farm legislation which we are considering, and which I support, proposes to bring about an adjustment of farm output to the needs of the market in which farm products are sold. We propose to do what we can to make sure that every year there shall be available for consumers the quantities of foodstuffs which they normally take off the market and consume. We propose to protect farm income by giving farmers the machinery by which they can meet this obligation to consumers without destroying their own economic position through producing more than the markets will take.

This is a praiseworthy public purpose. I hope that we shall enact legislation which will enable the Secretary of Agriculture to carry out this purpose fairly and equitably, both for farmers and consumers. But something more is needed. When we have made sure that consumers shall be supplied in every year with the normal quantities of foods which they now consume, and when we have protected farm income against the collapse which occurs when they produce more than these normal quantities, we shall have performed a real service for both. But though we do all that, we still fall short of meeting the real needs of consumers. At the same time we are not getting farmers the outlet for their products which would be theirs if consumers' real needs were satisfied.

The fact is that the consumption of foodstuffs in this country is not what it should be. A great many families are not getting either the kinds or the quantities of foods which they need. This is especially true with respect to milk and milk products, and fruits and vegetables and other foods which are classed as protective foods in the diet. These are the foods which safeguard health. They are of vital importance to growing children.

Four departments of the Federal Government in the last few years have conducted a very extensive survey of what kinds of things and how much of each different families are consuming. I can give you some preliminary figures which have been taken from the records of that survey. It is estimated that one-fifth of all the families in the country, living on farms and in villages and towns and cities, are getting a fourth-rate diet, a diet which if continued beyond a short emergency period will undermine the health of the people who live on it. One out of five families were getting this kind of diet in the 1935-36 period when the survey was made. Another two out of five families were getting only a fair diet, a diet which meets immediate physical needs, but provides only a little in the way of protective foods to safeguard health. These two groups together account roughly for three out of five of all the families in the country, according to this preliminary estimate. The other two out of five families are getting diets classed as good or very good. Only the latter group, the very good diets, provide a liberal margin above average requirements in protective foods, and only one family out of four in the country is getting this really first-rate diet.

While our families as consumers are not getting the foods they need, our families on the farm are not able to sell at remunerative prices the quantity of food which the country needs but cannot buy. I am told that if the average family in the United States could have a diet as good as is actually enjoyed by those which have only a modest average income and are selecting their foods most wisely from the nutrition standpoint, the outlet for milk products would be increased by one-third and the outlet for fruits and vegetables by one-fifth above what is now consumed.

As I said, the major deficiency in diet exists in the foods that build health. The most important of these is milk. Louise Stanley, Chief of the Bureau of Home Economics, says:

Milk contributes more to good nutrition than any other one food. It has no equal as a source of calcium, and is valuable also for phosphorus and potassium. It is one of the cheapest sources of efficient protein.

I could quote any number of experts in this field to elaborate on the value, indeed, the necessity, of milk in the human diet.

These experts who know what milk means to nutrition and health have told us that at the very lowest a diet should

provide on the average $2\frac{1}{2}$ to 3 quarts of milk per person per week, or its equivalent in milk products, in families with children. These amounts they recommend only as an emergency supply for short periods of time. They say that 3 quarts per week will not safeguard health and provide the right kind of nutrition if consumption continues at that level over a longer period of time. For an adequate diet, figured out at the lowest possible cost, they recommend 5 quarts per week per person. Children, of course, should get more than the average while older people might do with less.

Against these requirements, what are the facts about milk consumption in the cities of the United States? In 1934 the consumers' counsel of the A. A. A. collected reports on the milk consumption of 29,000 families in 59 cities. He found that the average person was consuming less than $2\frac{1}{2}$ quarts of milk a week in fluid and evaporated form, but not including other milk products. He found that in only 8 of the 59 cities was the average milk consumption as high as 3 quarts per person per week while in 9 of the 59 cities it was less than 2 quarts per week. The recent comprehensive survey of consumer purchases, to which I have already referred, tells us how much milk different families consume in all forms and also reports the fluid milk equivalent of their consumption of various milk products. Preliminary figures from this survey show that those classes of city families which spend only small or moderate amounts for food have an average consumption of less than 3 quarts per person per week. These lower expenditure levels include 40 percent of all city families. Another 40 percent of the city families are in classes whose milk consumption averages about $3\frac{1}{2}$ quarts per person per week. An average consumption of 5 quarts per week, which the adequate diet requires, is not reached by any class of city family, except perhaps at top income levels for which reports are not now available. But only 1 out of 10 city families is at these higher expenditure levels.

In the towns and villages the situation is somewhat better, but even here three-fourths or more of all families are found in classes where the average person consumes less than 4 quarts per week. I shall append to my remarks a table which shows the consumption of milk and milk products by these city and town and village families.

But let me quote now a recent statement of the Secretary of Agriculture which comes at milk from another angle. He is talking not only about what we need but about what we do. Rather, I should say, he is telling us what we have not been able to do. Addressing the National Cooperative Milk Producers' Federation in its annual convention at Baltimore on the 2d of November, the Secretary said:

While suggesting these primary elements of a program for milk producers, I am not unmindful of another major question for which we may or may not find the answer. I refer to the need, especially among the low-income groups, for a greater consumption of fluid milk. I refer also to the need of milk producers in our urban milksheds to make certain that the largest possible amount of milk they produce shall go into fluid consumption. The milk programs with which we are now working do not meet this need. Since that is the case, we must keep alert for the discovery of methods which will meet it.

The facts of underconsumption, the facts of restricted outlet for farm products, prove unmistakably that we must do something to close the gap between the overproducer and the underconsumer. It is all right to try to work out a farm program which will bring production and consumption into balance, but we must not stop there. Section 402 of the bill which you have before you provides for the maintenance of laboratories and research facilities to develop new scientific, chemical, and technical uses and new markets and outlets for farm products. I propose that this provision be amended by adding the words, "in the interest of producers and the consuming public." The Secretary should be authorized to do all that can be done to increase consumption and to bring about a fair price of farm commodities to the consuming public as well as to producers.

What in particular can be done about milk? One thing that can be done is to increase the consumption of milk by children at school. I know that this can be done because it has been tried in England and has been very successful. I know that it should be done because underconsumption

of milk is most serious in its effect upon children of school age. Through the agency of milk-marketing boards in England a milk-in-schools scheme was inaugurated in October 1934. In the first 3 months milk was supplied to 2,400,000 children, almost 2,000,000 gallons a month. In the first 12 months 22,750,000 gallons were distributed through the schools in this way, the British Exchequer contributing £447,000 or about \$2,000,000 toward the plan.

The Secretary is authorized by my amendment to work out methods by which milk could be furnished to the children of our own schools. The amendment does not describe exactly how this would be done, but would leave it to the Secretary to make such arrangements with municipalities or States or school boards as will be practicable and fair and most effective in safeguarding the health of the children through increased use of milk. Really substantial results might be accomplished. If, for example, \$4,000,000 of the \$5,000,000 which is authorized by the amendment were used in this way, the Secretary might contribute as the Federal share in such a plan 4 cents a quart, let us say, and thus add 100,000,000 quarts, or 25,000,000 gallons, a year to the consumption of milk by school children. Spread over the 150 days of the school year this would provide one-half pint a day to about 2,700,000 children. There are about 21,000,000 children in the elementary schools of the country. If the plan I speak of were worked out, as, of course, it should be, so as to provide this milk to the children of the most-needy families, it would prove a very substantial benefit and would furnish a real demonstration of the value of milk to the health of the growing children. Possibly the Federal share in the scheme should be less than the figure I have used as an example. As I say, it is left to the Secretary to work out the most equitable scheme and to set up the requirements which health officers and school boards must meet in qualifying for a Federal contribution.

The purpose which the amendment seeks to accomplish is clear. It proposes to treat the problem of agriculture and the problem of adequate nutrition as two parts of the same problem. It proposes to find the ways in which we can take our surplus production of milk and put it to work in the battle against the disease and sickness and low vitality caused by the undernourishment which unfortunately is the normal experience of so many families. The needs of school children is the first line of attack. We need also to find, if we can, ways of increasing the consumption of milk by all members of the family. The Secretary is authorized by the amendment to study this problem and to support experimental projects by which we may find out how the under-consumer and the overproducer may be brought together on terms fair and reasonable and beneficial in a really practical way to both of them.

Average weekly milk consumption per person for families spending specified weekly amounts per person for foods, 1935-36¹

FLUID MILK EQUIVALENT, IN QUARTS, OF ALL MILK PRODUCTS EXCEPT BUTTER AND OTHER TABLE FATS

Families in—	Weekly per capita expenditure at 1936 prices					
	\$0.65-\$1.24	\$1.25-\$1.89	\$1.90-\$2.54	\$2.55-\$3.14	\$3.15-\$3.79	\$3.80-\$4.45
Villages.....	0.7	2.8	3.4	3.7	4.6	4.1
Towns.....	1.1	2.1	3.0	3.3	3.9	4.5
Cities.....	1.1	2.3	2.8	3.5	3.6	4.1
FLUID MILK (WHOLE MILK, BUTTERMILK, AND SKIM MILK), IN QUARTS						
Villages.....	0.4	2.4	2.7	3.1	3.6	3.5
Towns.....	0.7	1.5	2.5	2.7	3.1	3.3
Cities.....	0.7	1.7	2.1	2.6	2.6	3.0
ESTIMATED PERCENT OF ALL VILLAGE OR TOWN OR CITY FAMILIES AT EACH EXPENDITURE LEVEL						
Villages.....	4	20	30	22	12	6
Towns.....	4	16	28	24	13	8
Cities.....	2	13	26	25	17	9

¹ Preliminary data for villages and towns from Consumer Purchases Study and for cities from Wage Earner Study, subject to revision.

These amounts they recommended only as an emergency supply for short periods of time. Why, we should have no emergency supply as far as the children of this Nation are concerned. The facts of underconsumption are borne out by a statement in the convention of the milk producers which was held in Baltimore the first part of this month that there is a considerable underconsumption of milk; yet the only cure recommended is more publicity with regard to the benefits of the inclusion of milk in the diet. We do not need any more publicity regarding the beneficial effect of milk. Every mother in this Nation knows how beneficial milk is to her children. Our problem is to bring milk to the children, the mothers, and the people of this Nation at a price which is fair to the farmer and within range of the consumer.

In England the people were paying on the market from 14 to 16 cents a quart for milk, but today they are giving milk at 6 cents a quart to every child in the school system of Great Britain, and paying the farmer his regular price.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 5 additional minutes to the gentleman from Michigan.

Mr. HOOK. This milk is being brought to the children at 6 cents a quart instead of costing 14 cents on the market. This practice is followed where public or charitable funds are used for the purchase of milk. The undernourished children were not segregated from the well-nourished children of families in better circumstances. Each child received his quart of milk, and at the end of the month the parents of the children who could afford to pay were billed at 6 cents a quart. The authorities then made a report to the Government of those who could not afford to pay, and the Government made the proper adjustment.

The same procedure can be followed in this country under the Secretary of Agriculture. If we can start by straightening out the milk-distributing system through cutting down its price to the consumer, although still giving the farmer a proper price, we then have a wedge by which we can enter into similar arrangements with regard to other commodities. However, just as our great chairman stated, let us start on something we know we have a chance to win. There is no stronger advocate in this House of a program which would not limit production of any crop, but we are not at the crossroads where we can enact such legislation. We will not be in a position to enact such legislation until we cure the distributing system, which has the hold of a monopoly upon the public of America. When we have straightened out the distributing system we will be in a position to give the consumer a product at a price he can afford to pay, but if the American public cannot consume the product, then we cannot go ahead with unlimited production.

I believe some day we shall arrive at the solution of this problem, and be able to consume everything the land of this country can produce, and properly distribute it. However, we are not yet at that point, and must face the problem squarely as it exists today. What is our problem today? With the farmer in his present condition, we must give him the best price we can, considering the price the consumer can pay, and we have done it in this bill. We do not have to listen to the argument that one farm organization does not believe in this bill and that another farm organization does not believe in the bill. When representatives of all the farm organizations were brought together, face to face, they could not agree on any two provisions in any bill we had. In such a situation, it was time the committee got down to business, took the best material available, and studied it from every angle. It was studied, not only from October 27 right down to the day the bill was introduced, but last year from the beginning of the session until the time the farm organizations could not agree. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. GWYNNE].

Mr. GWYNNE. Mr. Chairman, I desire to call the attention of the Members to some constitutional questions involved

in this bill. Whatever you may think about this bill—and I do not think much of parts of it—I believe we are compelled to admit that in its general outlines the bill is on a fairly sound constitutional basis. However, in my opinion this cannot be said about the national marketing quotas, because I believe that part of the bill to be unconstitutional because of the referendum which is involved in the quota provision.

What is the quota provision? In regard to corn, it is that if the Secretary of Agriculture believes there is a certain percentage of excess supply in corn, he announces a national marketing quota and then has a referendum. If two-thirds of the farmers do not vote for the quota it does not become effective. In other words, upon what does this quota depend? Not upon the judgment of Congress, not upon the will of the Secretary of Agriculture, but entirely upon the will of the growers of corn, as expressed through this referendum. To me this seems clearly unconstitutional, as a delegation of legislative authority.

Mr. MAPES. Mr. Chairman, will the gentleman yield for a question?

Mr. GWYNNE. I yield rather briefly; I do not have much time.

Mr. MAPES. Does the gentleman believe that Congress, under the commerce clause of the Constitution, can prevent a farmer from feeding corn to livestock, for example, on the theory that the livestock after it is processed may eventually flow into interstate commerce?

Mr. GWYNNE. I should like to take up that question a little later. If I may proceed now with this referendum proposition, I should like to answer the gentleman's question a little later, if I have time.

Mr. MAPES. May I say that it seems to me that this bill not only attempts to regulate the five farm commodities but, through this corn marketing provision, attempts to control the amount of livestock the farmers can produce.

Mr. GWYNNE. I thank the gentleman. I cannot yield further now until I say a word about this referendum proposition.

Of course, all legislative power is vested in the Congress by article I, section 1, of the Constitution. It is a general rule that legislative power cannot be delegated to some other body, but to this general rule there are two exceptions. The first exception has to do with matters of local referenda. Various States have held a matter of local importance may be submitted to a referendum in a local community like a city, a county, or a drainage district. It has almost unanimously been held that without some constitutional provision a legislature cannot submit such a question to the electorate if it has to do with a State-wide question and is submitted to a State-wide electorate. Cases have held this, with the exception of the State of Vermont, and with the possible exception of a Federal court case in, I believe, the ninth circuit. I do not care to take up your time discussing or citing these cases; but, Mr. Chairman, I ask unanimous consent to extend my remarks and to include therein a citation of authorities along this line.

The CHAIRMAN (Mr. EDMISTON). The gentleman from Iowa asks unanimous consent to extend his remarks in the manner indicated. Is there objection?

There was no objection.

Mr. GWYNNE. This is the first exception. The second exception is this: Congress may pass a law to become effective on the happening of a certain event or on the non-happening of a certain event, and it may authorize some administrative official to determine whether or not the event has happened.

This gets us right down to the question involved here. Can Congress pass a law to become effective in the event that two-thirds of a certain group are in favor of its becoming a law? The answer is "no," and the cases have uniformly so held.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. GWYNNE. I yield.

Mr. JONES. I would like to call attention to the fact that the circuit court of appeals on the west coast in the Edwards case recently held that while they could not affirmatively bring it into being, they could, by negation—

Mr. GWYNNE. I have read that case, and let me say to the gentleman that the line of reasoning advanced in that case finds support only in two places. One is Vermont, and this time Maine does not go with Vermont, but instead we have this ninth circuit case. All the other cases in the country, I think, have held to the contrary on the proposition.

Now, upon what theory is the bill generally to be supported? I think upon two general, constitutional theories. First, the right of the Federal Government to tax the people and to appropriate money under the general welfare clause.

Under this clause, of course, we can pay for soil conservation, and, in my judgment, I think the Hoosac Mills case is not authority, but the contrary, that we can appropriate money to farmers to take land out of production. I understand that to be the law.

This provision of the Constitution, however, does not explain and does not support the compulsory part of this bill. This must be supported, if it is to be supported, on the right of Congress to regulate interstate commerce. Since the adoption of the Constitution there have been hundreds of cases involving this question of the right of Congress to control interstate commerce. One line of cases has held that Congress may go into a State, for instance, and may regulate something done in that State which, in itself, is local and does not involve interstate commerce. All that must be shown is that the thing done in that State directly—as the court puts it—or approximately, or substantially affects interstate commerce.

Now, prior to the decisions in these Wagner cases, the Supreme Court had held that production, either manufacturing or growing, was too remote and could not under any circumstances affect interstate commerce. Under the Wagner decisions they have not backed up from that fundamental principle. They have simply said that whereas they formerly held, as a matter of law, that production was too remote, they now held as a matter of fact in these particular cases that the production was not too remote and that it did directly affect interstate commerce. How far are we going to go? Will we go to the point that has been raised by the question of the gentleman from Michigan? I am sure I do not know where this line will be drawn, but we are apparently on the threshold of a great expansion of the interstate commerce clause, and I dare say that our future course in this country under the interstate commerce clause will depend partly upon Congress and partly upon the Court. In other words, we and the Court between us are going to determine what things done inside the State directly affect interstate commerce. [Applause.]

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. GWYNNE. I yield.

Mr. MICHENER. The way the bill is drafted, an effort is made by the committee to dictate the opinion of the Court on this question of interstate commerce in these specific cases. This method is a recent ovation in drafting legislation. Stump speeches and recitations of this kind have no place in statute laws. I doubt if the Supreme Court can be influenced in this manner.

[Here the gavel fell.]

Mr. GWYNNE. Mr. Chairman, under the permission granted me to extend my remarks I submit the following:

CITATION OF AUTHORITIES

The provisions of the bill providing for the imposition of a national marketing quota if two-thirds of the growers of a

particular commodity are in favor thereof constitute an unconstitutional delegation of legislative power.

First. Under article I, section 1, of the Constitution, legislative power is vested exclusively in the Congress in the following language:

All legislative powers herein granted shall be vested in a Congress of the United States which shall consist of a Senate and a House of Representatives.

Second. The rule is well established that such legislative power cannot be delegated to some other body.

One of the settled maxims in constitutional law is that the powers conferred upon the Legislature to make laws cannot be delegated by that department to any other body or authority. Where the sovereign power of the State has located the authority, there it must remain and by that constitutional agency alone the laws must be made until the Constitution itself is changed. The power, to whose judgment, wisdom, and patriotism this high prerogative has been entrusted, cannot relieve itself of the responsibility by choosing other agencies upon which the powers shall be devolved, nor can it substitute the judgment, wisdom, and patriotism of any other body for those to which alone the people have seen fit to confide the sovereign trust. (Cooley, Constitutional Limitations.)

This general principle is recognized and applied in the important case of *Field v. Clark* (143 U. S. 649). The Court recognized that discretionary authority may be granted to executive and administrative agencies; first, to determine in specific cases when and how the power legislatively conferred is to be exercised, and, secondly, to establish administrative rules and regulations fixing in detail the manner in which the requirements of the statute are to be met.

Judge Ranney, in *Cincinnati, W. & Z. R. Co. v. Clinton County Commissioners* (1 Ohio State, 88), stated:

"The true distinction is between the delegation of power to make a law which necessarily involves a discretion as to what it shall be and conferring authority or discretion as to its execution to be exercised under and in pursuance of the law. The first cannot be done. To the second, there is no valid objection."

The rule is applied with great strictness in those cases where a law purports to delegate to the Executive the power to affix criminal responsibility (*United States v. Maid*, 116 Fed. 650).

Third. To the general rule stated in II there are two well-established exceptions.

(1) First exception. Local referenda:

States may delegate legislative power over local problems to the voters of a local community, such as a city or county, and may allow such powers to be exercised through a referendum. The Anglo-Saxon type of government, which was in substance adopted under our Constitution, was characterized by a high degree of local government. Local problems were largely dealt with by local people and in the most democratic manner. Following this theory, all the States have recognized their right to create municipal corporations and to vest them with local authority. Furthermore, they have allowed in many cases this authority to be exercised directly by the people themselves in town meetings or by a referendum. It is true that in many States the State constitution requires the submission of certain questions of local government to a vote of the people. On many other questions concerning which the Constitution is silent, the will of the local people may be permitted to decide the matter through a local referendum.

For a citation of many cases upholding the referendum in this general type of legislation see Oberholtzer, *The Referendum, Initiative, and Recall in America*.

With but few exceptions, however, the courts have denied the right of the legislative body of the State to submit a general State law to the voters of the State in the absence of a positive constitutional authority so to do.

Attention is called to the following authorities on this question: *In re Municipal Suffrage* (opinion of Justices) (160 Mass. 660), *Santo v. Iowa* (2 Iowa, 163), *Rice v. Foster* (Del.; 4 Harr. 479); *Barto v. Himrod* (N. Y.; 4 Seld. 483). See also list of cases in Oberholtzer, *The Referendum, Initiative, and Recall in America*, page 209.

(2) Second exception. Laws duly passed by the legislature to become effective or non-effective upon the happening of a certain event:

Congress may pass a law to become effective upon the happening of a certain event and may authorize an administrative agency to determine when the event has happened and to put the law in operation. In many cases the courts have upheld this type of legislation. For example, in *Union Bridge Co. v. United States* (204 U. S. 364) a law allowing the Secretary of War to hold hearings and to determine when changes should be made in bridges over navigable streams to prevent interference with interstate commerce was held valid.

In *Butterfield v. Stranahan* (192 U. S. 470) the Secretary of the Treasury was held properly directed by law to determine and establish grades of tea for importation.

A leading case on this subject is *Field v. Clark* (143 U. S. 649), in which the power given by Congress to the Executive to suspend the operation of certain tariff laws when he found certain conditions to exist was upheld.

Congress may not, however, make the vote of the people the contingency upon which the operation of a law depends. This amounts to a delegation of legislative power. Practically all the State courts have so held, although the Supreme Court of the United States has never had occasion to consider the question.

It is not denied that a valid statute may be passed to take effect upon the happening of some event, certain or uncertain, but such a statute when it comes from the hand of a legislative majority must be a law in present to take effect in futuro. The event or change of circumstance on which a law may be made to take effect must be such as in the judgment of the legislature, effects the question of the expediency of the law—an event on which the expediency of the law in the judgment of the lawmakers depends. On the question of expediency, the legislature must exercise its own judgment definitely and finally * * * but in the present case no such event or change of circumstances effecting the expediency of the law was expected to happen. The wisdom or expediency of the law did not depend on the vote of the people. The event on which the act was to take effect was nothing else than the vote of the people on the identical question which the Constitution makes it the duty of the legislature itself to decide (*Barto v. Himrod* (N. Y.), 4 Seld. 483).

In *re Municipal Suffrage* (169 Mass. 586) the following question was submitted for an opinion of the Justices. Is it constitutional in an act granting to women the right to vote in town and city elections to provide that such act shall take effect throughout the Commonwealth upon its acceptance by a majority of the voters of the whole Commonwealth? To this question a majority of the Justices answered "no," on the ground that it would amount to an unconstitutional delegation of legislative power.

On this subject the Supreme Court of Iowa in the case previously cited had this to say:

The legislature may pass a law to become effective on a certain contingency, but if the people are to say whether or not an act shall become a law, they become or are put in the place of the lawmakers. Their will is not a contingency upon which certain things are or are not to be done under the law, but it becomes the determining power whether such shall be the law or not. This gives them the legislative authority, which under the Constitution is vested in the legislature and not in the people.

The pending farm bill presents a strange mixture of good and evil. The difficult question for a person vitally interested in agricultural legislation, is whether the good features of the bill justify a vote for it, or whether the bad features call for a negative vote. So far as farm legislation is concerned at present, about one-third is good, one-third definitely bad, and one-third has not been written.

What, after all, is the farm problem? The ready answer is, of course, the question of the surplus. By that, we do not mean that in terms of consumption too much is being produced. We mean simply that more is being produced, or is capable of being produced, than the available consumers are buying at prices at which the farmer can afford to sell.

The situation confronting agriculture is somewhat different from that confronting industry. The manufacturer can roughly estimate the consumption of his product for the coming year. Agriculture can, of course, do the same. Having determined how much of his products he can sell during the year, the manufacturer can practically gage his production accordingly. If it appears that he is producing more than he can sell, he can minimize his loss by limiting his operations, or even closing his factory. The farmer enjoys no such advantage. He and his fellow farmers cannot gather in a single room and determine upon some mutually beneficial program as can the manufacturers of many commodities. Even if he could, the weather, as likely as not, would upset all his plans.

This inherent difficulty has been increased by the World War and the situation which followed it. Under the spur

of such patriotic slogans as "food will win the war" the farmer was virtually compelled to break up millions of acres which should never have been cultivated. The abrupt termination of hostilities destroyed over night an important market. However, that was but a part of his difficulties. The principal result of the war and of the unsound peace which followed it, was the sowing of the seeds of discord and of future wars all over the world. Each nation, fearing a siege, determined to make itself agriculturally self-sufficient in the event of another war. As a result, the farmer's market was further restricted. A further cause of his present trouble should be here noted. During the unhealthy inflation of the war and of the period immediately following, the farmer joined his city brother in a wild spree of gambling. In many cases he bought land at prices far in excess of its productive value. Of course, the inevitable crash came, just as it will come again whenever these same conditions arise, in spite of everything the Government may do.

It would perhaps be more accurate to say that the agricultural problem is twofold, first what to do about the temporary surplus due to abnormally favorable growing conditions in any one year, and second, what to do about the general surplus due to increased production and lessened domestic and world demand.

In answer to the questions, there have developed two conflicting schools of thought. The answer of the first group is, dispose of the surplus; that of the second, is, do not produce it. This administration seems to be committed to the second theory, and therein lies the danger of the present legislation for the future of agriculture.

It is generally admitted that the early steps taken by the administration for the relief of agriculture were beneficial. The crop loan was literally a lifesaver for agriculture and took care of the periodic surplus due, in part, at least, to several abnormally good years. In view of the fact that markets cannot be expanded, or even regained overnight, a temporary plan for reduced output was undoubtedly sound. It was but following the same course that industry has followed without Government direction. The unfortunate thing is that what was considered a temporary remedy is now sought to be made permanent. In charting such a course for the future of agriculture, we are ignoring the lessons of thousands of years of experience.

The problem of the surplus is almost as old as recorded history. Different people have met it in different ways, and upon the manner of the solution has depended the future of that people. When the first savage was able to produce more than was required to serve the immediate needs, the problem of the surplus confronted him. In many parts of the earth these early people used the surplus to satisfy new and constantly expanding needs and desires. With it they built better homes, roads, churches, schools, railroads, and, in fact, civilization. At many periods in history the surplus created a serious problem and taxed the ingenuity of mankind to find a solution. It is a tribute to our ancestors that they found a better solution than simply to destroy it.

Every improvement in the method of production, every labor-saving device carries with it either the actuality or the potentiality of increased production. In terms of the then existing consumption, it creates a surplus. This is always the first and immediate result. The next result has been the cheapening of the cost of production, which, in turn, has created greater consumption and so more employment. The natural and unfettered operation of this system has given America the highest standard of living in the world. Of course, there have been attempts, through monopoly, to prevent the benefits of improved production being passed on to the people. The remedy for that situation is to ruthlessly strike down monopoly rather than to destroy the system upon which monopoly, either public or private, is an inexcusable parasite.

The fundamental philosophy of the New Deal, both for agriculture and industry, is opposed to the general principles. It seeks to limit production to present consumption, rather than to increase consumption. It seeks to find prosperity by

artificially raising prices. Finding consumption temporarily below production, it lowers production to bring it in line with consumption. The difficulty is, however, that the inevitable effect of limiting production is to throw out of employment many formerly engaged in producing. The people not being able to buy consumption again falls and it is necessary to further reduce production. The whole process becomes a vicious descending spiral which must eventually end in complete collapse.

Of course, by "eating up" accumulated reserves, and by borrowing from the future, the people can for a time be sheltered from the consequences of this program. There will come a day, however, when the Government can no longer artificially create purchasing power either by taxing or borrowing.

I am not arguing against all control of production under all circumstances. I am asking only that the Federal Government permit agriculture to pursue the course followed by industry. It is true industry controls its output. The important thing is that it does so only after it has exhausted all the available market—including that which it has itself created through improved methods of production. On the contrary, the New Deal program has denied to agriculture practically all participation in the foreign markets, and allows only a constantly dwindling share of the domestic market. The figures telling this sad story are too well known to be repeated here. It will interest the people of our district, however, to know, that had we had that part of the American market for pork products given over to foreign countries, we could have operated for 1937 two additional packing plants of the size of the Rath Packing Co. in Waterloo. No wonder industrial unemployment is on the increase. The production of practically 2,000,000 hogs necessary to supply that part of the market would have helped solve, in a natural way, the problem of the present surplus of corn. Unfortunately, that part of the agricultural program, which would return to the American farmer all of the American market, together with such portion of the world market as can be secured for him, has not yet been written. Furthermore, under this administration it probably never will be.

A lot of the surplus problem is periodic and temporary and can be solved by plans for orderly marketing, which will retain for the farmer the profit often drained off by the speculator. The provision for loans and for an ever-normal granary will be of value in this regard. That part of the bill is good. The provisions for soil conservation are also on a sound basis. The duty of the Government to encourage proper farm practices, to preserve the soil for the future is generally accepted. A voluntary plan of conservation and crop control through proper taxation and appropriation is clearly within the general-welfare clause.

In place of such a voluntary program, this bill adopts a compulsory scheme based on control of interstate commerce. It is true the provisions reported by the committee relating to corn are not particularly drastic. Once the principle is established, however, more compulsion is bound to follow. Agriculture is being asked to surrender widening markets for regimentation. The agricultural population makes up only one-fourth of that of the entire country. The industrial and consuming sections can outvote us at any time. If the Government can compel the farmer to sell a smaller amount to increase the price, it can as easily compel him to sell a larger amount to lower it. In fact, in some countries being ruled by dictators, that is now being done.

All the compulsory features should be stricken from the bill.

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. Voorhis].

Mr. VOORHIS. Mr. Chairman, the reason we are called upon to consider legislation on behalf of the farmers of America can be summarized in a very few words. It lies in the fact that in the industrial field we have such a high degree of monopoly control that in that field producers have the

power to restrict production at will and maintain high prices, whereas in agriculture we have millions of small independent producers who find themselves their own worst enemies when it comes to the time of selling their crops. Therefore, they need, and have the right to expect, some sort of protection from Government along that line until such time as we have done something to prevent monopoly control and high prices in industry.

Between 1929 and the trough of the depression in 1933 the production of agricultural commodities declined only 6 percent, but the prices declined by 63 percent, whereas the production of farm implements, a monopoly industry, was declining 80 percent and the prices thereof declining only 14 percent. There, briefly, is the story.

WHY FARM LEGISLATION IS NECESSARY

For my part, excepting from the point of view of soil conservation, I am naturally opposed, as is everybody, to a production-restriction program. However, I do want to say that not until the banks of America stop withdrawing credit when they feel it is advantageous to them to do so, not until factories continue to produce anyway, no matter whether they have orders or not, will there be any logic in the argument that the farmers are unreasonable in expecting to be protected against undue production when they cannot have an adequate market that will give them the cost of production. For my part I should prefer to see us set a minimum below which the prices for staple agricultural commodities would not be permitted to go. I believe that is the most direct approach to the program. It would cost the Treasury nothing. It would mean that there would be an assurance to the farmer that he would know where he stood and to what limits he would have to cut his cost in order to make a decent living.

FARM AND NONFARM INCOME

It seems to me a few facts about American farmers' income are a necessary background in connection with this discussion. I do not know how many Members are familiar with the fact that the income of farm families in the old South and in the Middle States is only 33 percent of the income of non-farm families on the average—that the income of farm families in the northeastern sections of the country is only 38 percent of the income of nonfarm families; that in the Southwest it is only 50 percent; and even on the Pacific coast, where our farmers have themselves formed effective cooperative associations, it is only 80 percent of the income of non-farm families.

It occurs to me further that there are some problems in connection with this that we cannot overlook. For example, we heard a great deal at the last session about the increase in tenancy. I could cite you example after example where several small independent family-unit farms are being replaced by very large farms operated considerably by machinery and where there are a lot fewer people working, and certainly a very much smaller number of independent farm families. It is a rapid shift toward what we may call industrialization of American agriculture. Those who would like to see the good old days return and get back to the time when we had a larger number of independent families able to make a good living on the land have the same desires as I do. But I would like to point out to them that this is a case where we have to face the facts. To leave things alone, to do nothing, to go back to the policies of the 1920's is what you cannot do. If we want to preserve the fundamental American democracy that rested on wide economic opportunities, we must recognize that to leave this tendency alone and do nothing about it means that great numbers of our agricultural people will be forced down to a standard of living where they can compete with tractors, and what that means I leave to your own imagination. So it would be well for us to cease criticism of Government effort to solve these problems and cease criticisms of organizations like the Farm Security Administration and some others, which are trying to get at this problem in a new and a constructive manner.

Coming from California, believe me I know what these things amount to, because I have seen and lived with people

who have come there because they have been uprooted from other sections of the country and are seeking a new home. We are having a hard time to make room for them, good people though they are.

Somehow or other we have to solve that problem, somehow or other we have to find ways to reroot those people if possible in a self-sustaining life and for that reason this problem becomes almost as serious as the one that ancient Rome faced when she saw her lands being gobbled up by great landowners and her formerly self-sustaining farmers, backbone of the nation, driven into the cities to beg for help. So we can shrink from nothing it seems to me which is sound and feasible as we attempt to solve this problem.

I had hoped there would be stronger provisions in this bill protective of the tenant farmer. I cannot from my own point of view see what reason there is why the man who does the work should not be the man who gets the benefit payments, and I have been hopeful it might be possible to incorporate in the bill at the proper time some provision of that sort.

THE EXPORT MARKET PROBLEM

There is one thing I cannot refrain from saying in connection with this bill. We sometimes hear people who argue very vehemently, on the one hand, against production control and likewise against reciprocal-trade agreements. I can understand how a person can be against one or the other of them, but I cannot for the life of me understand how you can be against them both, because unless you have a program which will prevent surpluses over domestic needs being produced, you have to build up your export markets in some fashion. The only other way you can get around it is to directly maintain a domestic price level high enough to enable the farmer to make his income that way largely and leave him in a position where he can produce for export behind that bulwark of security.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS. I yield briefly.

Mr. KNUTSON. Will the gentleman tell the House how it is going to assist agriculture when we reduce production in this country and permit foreign agricultural products to come in and replace the reduction effected?

Mr. VOORHIS. The point I am trying to make is this: The sound reason for controlling production is for the sake of preserving the soil; the fertility of America, which is the most important point. I have here a chart which shows that as a matter of fact one-half of the topsoil which we had in this country when the white man first came has been impaired in fertility, and that 300,000,000 acres of it have been practically destroyed. That is the reason for a program which works in the direction of soil-building crops, against the production of an oversupply of crops which are soil depleting. May I add that whenever soil-depleting crops are exported we are, actually, exporting a portion of our own soil fertility.

Mr. KNUTSON. Will the gentleman yield further?

Mr. VOORHIS. Yes.

Mr. KNUTSON. In order to carry the gentleman's contention to a logical conclusion, would it not appear that we should put the bars up on the importation of competitive farm products that are now coming in, such as corn, rye, butter, wheat, and other products?

Mr. VOORHIS. Of course, a large amount of our importation of farm products recently has been due to the drought, but I do believe that will be a necessary part of the program of price maintenance. I cannot escape that conclusion.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. JONES. Mr. Chairman, I yield the gentleman from California 3 additional minutes.

Mr. VOORHIS. I thank the chairman.

All I say is, if you argue against production control and against the reciprocal-trade agreements you are in an inconsistent position, because on the one hand you are saying we should not control our production in any manner, and on

the other hand you are arguing against a program which is attempting to open new export markets for our commodities. You have to do either one or the other.

In conclusion, I would like to say that we should not lose sight of the fact that one of the reasons we have to consider this farm program, in addition to the reason of monopoly, which I gave, is the fact that our own people by the millions have too little income to afford an adequate diet. The farmer's market is the mass of people, and the only way that market can be increased is by an increase in the income of the poorest-paid people in America. It would not make any difference to the farmer if the income taxes in the higher brackets are reduced. It will make a great deal of difference to him for the worse if millions become unemployed and nothing is done to enable them to earn a living. On the other hand, it will make a difference to him for the better if we can pass legislation which will increase the income of our poorest-paid workers. The poorest paid are the ones who would eat more if they had more money to buy with. That is why it seems to me the farmers of America have a very direct interest in the passage of a bill to support the wages of the poorest-paid workers in this country. I believe a wage and hour bill to be right, and that is the reason I hope it will pass. I hope Congress will write its own minimum standards into the bill instead of leaving that to anyone else.

I am also tremendously interested in the passage of the best farm legislation we can produce out of this debate on the basis of the bill that has been presented to us by the committee after their long and hard labor.

I thank you very much.

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. SAUTHOFF].

Mr. SAUTHOFF. Mr. Chairman, I would like to ask unanimous consent to revise and extend my remarks and include certain statistics.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. SAUTHOFF. Mr. Chairman—

And he gave it as his opinion that whosoever could make two ears of corn, or two blades of grass, to grow upon a spot of ground where only one grew before, would deserve better of mankind, and do better service to his country, than the whole race of politicians put together.

Thus wrote Dean Swift many years ago in *Gulliver's Travels*, and that has been the common understanding of the economics of production ever since. But the race of politicians today has evolved a new law which says that he who shall make but one ear of corn, or one blade of grass, to grow upon a spot of ground where two grew before, shall receive praise and much money from his country. That is the theory of the two farm bills now pending in the Congress, the Jones bill in the House and the Smith bill in the Senate.

The doctrine of scarcity was evolved in the dark days of the depression for the purpose of raising prices immediately. It was never intended as a permanent program but merely as a makeshift device to raise prices hurriedly and give farmers some cash revenue. This program has been defended by its sponsors on the theory that there is an overproduction of agricultural products; but let me remind you that when the President made his inaugural address on January 20, 1937, he stated that—

One-third of our people are ill-housed, ill-clothed, and ill-fed.

If that is true—and I believe, in the main, that statement is correct—then there is not an overproduction of agricultural products but rather an underconsumption. In other words, there are millions of our people, both young and old, who cannot afford to eat the things that we raise. This is true in a large degree to the high cost of distributing these commodities from the farm to the home. Just to take one illustration, recently I inquired of a shopkeeper in Washington as to the price of some Wisconsin cheese and found that it was 70 cents a pound. The cheese maker back home

is getting 17 cents a pound for producing that cheese, and, of course, many people are barred from purchasing it at 70 cents a pound. This phase of our problem is entirely ignored in this bill, although I believe it to be one of the most serious obstacles to the farmers' sale of his produce to the housewife.

THE CROP-CONTROL BILL

Under both the House and the Senate bills, the present Soil Conservation Act remains in force. Here are some of the major provisions in the House bill:

Cotton: Compulsory acreage control if two-thirds of the growers approve; cooperators eligible to benefit payments, loans, or subsidies and may sell all production from allotted acreage; noncooperators subject to loss of benefit payments and in addition are subject to a tax of 2 cents a pound on sale of all cotton produced on acreage in excess of their allotment.

Wheat: Farmer-approved marketing quotas when indicated yield and carry-over total more than 25 percent above normal; farmers allotted acreage and shall be entitled to loans on storage of surplus; penalty of 15 cents a bushel for sale of all wheat in excess of amount allotted.

Corn: Farmer-approved marketing quotas when indicated yield and carry-over total more than 15 percent above normal; penalty tax of 15 cents a bushel for sale of any corn above allotment; loans of from 55 percent to 75 percent of parity for storage of excess production.

Tobacco: Farmer-approved marketing quotas if prospective supply is above normal; 50 percent penalty for sale of above-quota production.

Rice: Domestic allotment scheme; farmer-approved marketing quotas if total supply exceeds normal requirements; soil-conservation payments for cooperators; penalty of one-fourth cent a pound for sale of excess production.

The above survey shows that the basic agricultural commodities which will receive benefit payments are cotton, wheat, corn, tobacco, and rice. It can be readily understood by a Wisconsin farmer that there is nothing in this program which will benefit Wisconsin. On the contrary, I shall endeavor in the course of my remarks to show that Wisconsin will suffer rather than benefit from this so-called agricultural bill.

OUR INCONSISTENT AGRICULTURAL POLICY

It is estimated that we shall take about 30,000,000 acres of farm land out of production under this plan. In order to do so, we will have to pay the farmers who own these acres about \$750,000,000. Where will that money come from? Under the terms of the bill no method of raising the money is suggested so that in the absence of a financing plan the money will come from the general Treasury and will have to be raised by general taxation. In other words, you and I will have to pay for it. At the same time that our Government is taking 30,000,000 acres of farm lands out of agricultural production and is taxing our people, let us say, \$750,000,000 a year for that purpose, we are admitting from foreign countries agricultural production from 30,000,000 acres of farm lands of foreigners. In other words, we are shutting out 30,000,000 acres of our own land and admitting the production of 30,000,000 acres of foreign land.

In addition to that we have passed reclamation bills which will add some 8,000,000 acres to our productive areas by means of irrigation, and some of this land, most of which is situated in the Rocky Mountain States, will be reclaimed at a cost estimated as high as \$600 an acre. This will mean that while you and I are taxed to stop farmers in our own country from raising what they can on their farms, at the same time we will admit the farm produce from an equal number of acres from Europe and other continents abroad and, in addition, will reclaim some 8,000,000 acres of desert lands at a huge cost. Does such a policy make sense? Would you pursue such a policy in your own business?

Let me state it again to you in another way: Why not have the United States give the General Motors Co. \$100 per car subsidy for manufacturing 200,000 cars less a year than it is now producing? Would that appeal to you as a wise business move? And if we then decided that we would

admit cars of foreign make to be sold in this country to the amount of 200,000 to make up for those which we took out of General Motors production, you would have exactly the same situation which we now have in this country in regard to agricultural products.

I firmly believe that the American market should be preserved for the American farmer for many reasons:

First. Thirty-two million people live on our farms;

Second. Thirty-two million more people make a living out of processing, distributing, buying and selling farm products. That takes care of one-half of our entire population;

Third. The American farmer and his dependents make the largest and best market for lumber, hardware, paint, cement, clothing, boots and shoes, building materials, and a hundred and one other articles too numerous to mention;

Fourth. Make the American farmer prosperous by preserving to him the American market for his products, put him on his feet financially and the whole country will prosper; undersell him with cheaper competitive agricultural products from abroad and you destroy the best market we have for the things we make in the cities.

AGRICULTURAL IMPORTS

A recent report from the Department of Agriculture showed that imports of farm products in 1936 exceeded exports for the first time in our history. The report stated that American agricultural products sold abroad were valued at \$733,000,000, while competitive farm products brought into this country were valued at \$868,000,000. Imports of agricultural products exceeded exports of competitive agricultural produce by 18 percent. We have frequently been told that this was true only in the case of farm products that we did not raise, such as coffee, tea, rubber, and so forth, but the figures which I have just given refer only to farm products which we do raise, and therefore the American farmer is losing his markets in this country to the foreigners.

Let us look at Canada as an illustration: During the year 1936 Canada imported from the United States a total of \$370,000,000 which was an increase of more than \$57,000,000 over 1935. However, imports by the United States from Canada in the same period of time rose to \$378,000,000 which was \$92,000,000 more than in the previous year. The balance of trade between the two countries, therefore, favored Canada. During 1936 Canada imports from the United States showed an increase of 18 percent over 1935 but during the same time the United States took 32 percent more goods from Canada in 1936 than in 1935. Canada imports showed notable increases in cattle weighing more than 700 pounds, cheddar cheese, and seed potatoes, and these are all raised in Wisconsin.

It must be remembered that the reciprocal-trade agreements are now in force only a year or two and to date there are 16 such treaties. Just think what the effect will be after 5 years and when we have three or four times as many countries involved as we have today. The trade balance against us will be much greater.

RECIPROCAL-TRADE AGREEMENTS

Every time that anyone protests against any of these reciprocal-trade agreements, he is promptly told by the Democrats, "Just see what happened to the country under the Smoot-Hawley Tariff Act." I am one of those who campaigned against the Smoot-Hawley Act and condemned it in every speech I made. I do not believe in it today, nor would I vote for any such act were it offered on the floor of the House, but I call your attention to the fact that in spite of a 3-to-1 majority in both Houses of Congress by the Democrats for the past 4 years they have not yet repealed the Smoot-Hawley Tariff Act. I want to make it clear that I am not in favor of that act nor, on the other hand, am I in favor of taking down all tariff restrictions and letting in cheap farm products from abroad in competition with those raised in this country. I therefore have protested against some of the reciprocal-trade agreements, especially those with Canada, Switzerland, and the Netherlands Kingdom, because in these agreements special inducements were held out to cattle, cheese, and cream in competition with our own.

I also want to call attention to the fact that babassu nuts and the oil made therefrom is coming into this country duty free from Brazil. Oleomargarine is made from babassu-nut oil cheaper than it can be made from cottonseed oil, and these imports are increasing so rapidly that southern dealers are becoming alarmed. Yet when I attempted to lay these facts before the Ways and Means Committee of the House I was refused a hearing on the grounds that I was out of order.

There is much secrecy and mystery in the drafting of these trade agreements. "Our objective is the general amelioration of the world situation," says Henry F. Grady, former Chief of the Division of Trade Agreements and now a member of the Tariff Commission. I want to refer to one other incident that to me seems very significant. In the spring of 1934 there was a hearing on the proposed Reciprocal Trade Agreement Act before the House Ways and Means Committee. Dr. Sayre exhibited a chart on which 29 countries were designated, none of which were named. Dr. Sayre then stated to the committee that the State Department wanted authority from Congress for making concessions to these 29 countries, and reduce tariffs up to 50 percent on the articles we import from them, in return for which they were to cut their duties on certain goods and raw materials which we were to sell them. A member of the committee asked Dr. Sayre to designate the countries by name and specify the articles on which he proposed to reduce our tariffs. Dr. Sayre declined. He said he would whisper that information to a few members of the committee, but that he would not put such information in the record; to do so would upset the whole scheme. Just put those two things together, and what is the answer? Instead of open hearings where you and I and anyone else can go and know what is going on and listen to the arguments and present our side of the case if we wish to, there are secret, mysterious plottings and understandings concerning which the American people and the Congress know nothing.

For example: A trade agreement with Great Britain is now in process of negotiation. Walter Runciman, until recently president of the British Board of Trade, came to Washington and received from the President a list of articles on which we were ready to reduce the tariff. British trade experts, industrial leaders and the Dominion premiers are now carefully checking and examining each item on that list. In the meantime what of the United States? Neither you nor I know what is on that list, nor can we find out. I am a firm believer in free and open discussion. It has always seemed to me that nothing but good could result from open hearings and I do not like this method of secret conniving that goes on without our knowledge.

DAIRY AMENDMENTS

When this farm bill was up for consideration in committee, four amendments of grave import to the dairy interests, especially Wisconsin, were offered to protect dairy interests. These amendments were as follows:

No. 1, known as the "land use" amendment, which provides that no acreage taken out of production under a crop-control program, which formerly produced cotton, wheat, tobacco, and corn, shall be used in the production of feed which in turn would be used to produce herds and dairy products.

It is estimated that under the proposed farm bill, 30,000,-000 to 40,000,000 acres will be taken out of production of cotton, wheat, tobacco, and corn, and it is the fear of the representatives of dairy districts that this vast acreage will be put into pasturage for the purpose of feeding dairy herds, which will mean increased competition and hence lower prices for dairy products.

No. 2, known as the "cost of production" amendment: This amendment provides that the importation of agricultural products into the United States be prohibited where the landed costs of such products plus the tariff duties, are lower than the domestic cost of production.

To illustrate: If the landed cost of a pound of butter from New Zealand is 14 cents, and the tariff is 14 cents, making a total of 28 cents, while the domestic cost of production is

32 cents, then such butter would be shut out of this country. It could only come in if the 4 cents differential in price were met so that it would enter on an equal basis with the cost of production of our butter.

No. 3, "foreign fats and oils": Under this amendment, the Secretary of State is directed to discontinue the practice of binding on the free list, or binding at the present rate of excise taxes, agricultural commodities imported into the United States. The Secretary of State is further authorized to advise the Governments of Brazil and the Netherlands that at the expiration date of the reciprocal-trade agreements, the concessions granted by the United States with reference to binding babassu oil and starches on the free list, and freezing the excise tax on palm oil at 3 cents per pound, will not be continued.

At the present time the increase of imports of babassu oil is rising so rapidly that even the South is becoming worried because babassu oil is cheaper than cottonseed oil, and is being used in the manufacture of oleomargarine. At present it is coming into this country free of duty and under the existing reciprocal-trade agreement with Brazil it will continue to come in free of duty to the damage of our butter makers.

No. 4. Tuberculosis amendment: This amendment provides that on and after 6 months from the enactment of this act foreign shipment of dairy products into the United States is prohibited unless said dairy products have been produced from milk or cream of cows which are either free from bovine tuberculosis or which are under test for bovine tuberculosis.

This amendment is in line with my bill, known as H. R. 7535, and is almost word for word the first section of that bill. To me it seems manifestly unfair that the State of Wisconsin, which is the first dairy State in the Union, should have had its herds tested at a cost of approximately \$125,000,000, and, in spite of that fact, permit the importation of dairy products from herds which have not had any tests and which are produced under insanitary conditions. This last amendment merely seeks to put foreign producers of dairy products on a par with dairy farmers of our own country. On June 18, 1935, when the Agricultural Adjustment Act was up for amendment in the House, I offered the following amendment:

None of the lands affected under the provisions of section 31 shall be used for producing any agricultural product within the purview of this act.

In support of that amendment I stated that I entertained grave fears that when the cotton farmer and the wheat farmer and the corn farmer and the rice farmer and the tobacco farmer took their millions of acres out of production and raised grass, alfalfa, soybeans, and various other feeds upon those lands they would go into the dairy business, and as a result Wisconsin would find herself seriously handicapped by competition from other States, which competition she herself was helping to pay for, and you Wisconsin dairy farmers must not feel that the South is not fully awake to her possibilities in this respect. I quote from the speech of one of the southern leaders, Representative JOHN E. RANKIN, of Mississippi, on February 5, 1937, in which he said on this very subject:

The South is now the coming dairy section of the world. You have driven us to it, and now you cannot drive us away from it. You cannot compete with us. We have a gentle climate and a fertile soil that produces every kind of grass and forage crop the dairyman desires. We have an 8 or 9 months' grazing season and an abundant rainfall that keeps our pastures fresh and green throughout the larger portion of the year. Our soil is saturated with iodine, which prevents those terrible thyroid diseases that affect so many hundreds of thousands of people in the States along our country's northern border. The tick has long since been eradicated, and our cattle are free from tuberculosis, rendering our dairy products the safest and most wholesome to be found on the face of the earth. In addition to all that, we have a superabundance of dry feed in the form of cottonseed and cottonseed meal and hulls produced on every farm. Our semitropical climate contributes to the health and growth of our dairy cattle and eliminates the necessity of building heavy or costly barns.

Compared with any other part of the country, the South is a veritable dairyman's paradise. As I said before, it is the coming dairy section of the world.

My amendment was disregarded and voted down, but we know today that in the Cotton States alone the number of cows has increased, and it will not be long before there will be a milk surplus that will lower the price of our milk, cheese, and butter.

I take the liberty of quoting from the very able speech of Harry H. Jack, president of the Wisconsin Cooperative Milk Pool, which was printed in the Wisconsin Dairyman's News for October 28, 1937. I wish every dairy farmer in Wisconsin, and any other Northern State for that matter, would read this excellent speech. Among other things, President Jack said:

In the North Atlantic region milk cows decreased 100,000 between 1933 and 1935; in the east north central region by 75,000; in the west north central region by 425,000; in the south central region by 47,000; in the western region by 93,000; while an increase is shown in part of the very region in which Mr. Wickard shows a decrease, namely, the South Atlantic region, which shows an increase between 1933 and 1935 of 28,000 milk cows. These figures are taken from table 368 of the agricultural statistics of 1936 of the United States Department of Agriculture. The production of butter, cheese, and condensed or evaporated milk has increased substantially from year to year in Texas, Tennessee, Georgia, the Carolinas, Louisiana, Mississippi, and other Southern and Western States, and seems to be increasing further. A diversion from cotton, corn, wheat, or tobacco to grass and legumes will undoubtedly accelerate the increase.

IF DAIRY FARMERS WERE SUBSIDIZED THE SAME WAY THAT COTTON FARMERS ARE SUBSIDIZED

We are now subsidizing the cotton farmers with a 50-percent subsidy. The following table would show how much our dairy farmers would get if they were paid on the same basis as the cotton farmers:

Product	Milk equivalent sold (pounds)	Price per hundred-weight to farmers	Total value	One-half of value subsidy
Fluid milk.....	31,743,000,000	\$2.13	\$676,126,000	\$338,063,000
Creamery butter.....	34,209,000,000	1.20	410,508,000	205,254,000
Cheese.....	6,430,000,000	1.25	80,375,000	40,188,000
Evaporated milk.....	4,496,000,000	1.56	70,138,000	35,069,000
Condensed milk.....	1,263,000,000	1.56	19,703,000	9,852,000
Ice cream.....	2,916,000,000	1.50	43,740,000	21,870,000
Total.....	81,057,000,000	1.60	1,300,590,000	650,296,000

¹ Total milk production for 1936 was 103,791,000,000 pounds. Other uses of milk include farm butter, milk used on farms where produced, and milk fed to calves.

Source: Milk equivalent sold compiled from data furnished by Bureau of Agricultural Economics. Farm prices for fluid milk and evaporated and condensed milk from Agricultural Statistics, 1937. Other prices estimated by the National Cooperative Milk Producers' Federation.

A perusal of this table will show that if milk were subsidized on a 50-percent basis, as cotton is subsidized, dairy farmers would receive a subsidy of \$650,296,000.

Now, let us see what Federal money was actually used in behalf of the dairy interests. You will recall that the amended A. A. A. law provided for using 30 percent of the annual customs receipts of the country for handling surplus farm commodities. In the past fiscal year the sum available on that basis for surplus farm commodity removal was \$124,210,170. Of this sum only \$368,386 was used for diverting surplus dairy products, or only about 4 percent. In addition to this sum there was taken out of the Jones-Connally Act appropriation of 1934 the sum of \$2,926,200 for handling dairy products. Should the dairy industry ever insist that its share of the customs receipts be equal to the proportion which the national dairy-farm income bears to the total farm income, then the dairy industry would be entitled to about 20 percent of the annual customs receipts, or somewhere around \$30,000,000. It actually receives only about a fraction of 1 percent of the \$124,210,170 allotted to agriculture by Congress in 1936. In other words, it is my contention that out of this surplus agricultural fund the

dairy interests are not receiving anywhere near their proper proportion.

A PLAN TO INCREASE MILK AND MILK PRODUCTS CONSUMPTION

First. England has inaugurated a unique method of getting her people to drink more milk. The larger cities have opened milk bars where all kinds of drinks made from milk are served. These milk bars also serve milk mixed with various fruit juices. They have become exceedingly popular, especially in the city of London, and it is estimated that when this method of distributing milk becomes more generalized throughout England, the English people will drink 10,000,000 more gallons of milk each year. In the 2 years since milk bars were opened in London the consumption of milk has increased by leaps and bounds; and when one considers that increase of 10,000,000 gallons in a country whose population is only one-third as great as ours, we can readily see the possibilities of increasing milk consumption if we adopt England's plan.

Second. I see no justifiable excuse for admitting into this country duty-free vegetable oils from Brazil, China, and the South Seas to be used in the manufacture of butter substitutes. I believe we should place a tax on these so-called butter substitutes, so that our dairy farmers would not be unjustly discriminated against in the sale of their butter. I realize that this is a difficult thing to do with the trade agreements now in effect and a 3-to-1 Democratic majority in both Houses of the Congress, but sooner or later the American dairy farmer is going to demand his rights. When that time comes, one of the things that will be done is the elimination of this unfair competition.

Third. One of the finest foods any of us can eat is cheese, and Wisconsin produces wonderful cheese. If people only realized that cheese is much cheaper than meat and yet contains all the vitamins that the best meats contain, then, I am sure, that the housewife would purchase more cheese for her table. Cheese is now being brought in from Canada, Holland, Belgium, Denmark, Switzerland, Italy, France, and a few other countries. These cheeses are not made under the same stringent, sanitary conditions that prevail in our country, and the cost of producing these cheeses is much less than the cost of producing our cheeses. Mr. William Kirsch, statistician of the Wisconsin Department of Agriculture and Markets, consulted with me last winter about the proposed trade agreement with Italy. Mr. Kirsch pointed out that 125,000,000 pounds of milk are used yearly in the manufacture of Italian cheese in this country, and that Wisconsin supplies 75 percent of this milk and cheese. If you bear in mind that the government in Italy controls the manufacture of cheese in that country and grants special concessions to the industry, then you will realize that Wisconsin farmers would be at a decided disadvantage in competition with Italy, and, if a trade agreement is made and the tariff lowered, it would tend to wipe out the manufacture of Italian cheese in our State.

Fourth. Our objective, of course, is to increase the use of milk and milk products, and one of the best methods that I have been able to find in searching through different methods is the distribution of free milk which has been started by the Federal Government in the city of Boston. The Federal Government has started 3 depots in various sections of that city. These depots deliver milk twice daily to the needy and unemployed. The Boston Welfare Department has cooperated by paying the 2-cents-a-quart processing charge for the pasteurization, bottling, and delivery of this milk to the depots. Federal milk officials plan to increase this milk supply within a few weeks into a daily distribution of about 75,000 quarts to needy families in Boston and 30 surrounding cities and towns. The milk is purchased from New England farmers who regularly produce milk for the greater Boston market, and is of the same quality and required to pass the same State and municipal health regulations as all other milk that comes into Boston. It is expected that this distribution program would not only aid the dairy farmer but will relieve the pressure exerted by surplus milk in the Boston market and elsewhere in the State. The

distribution is strictly supervised to make certain that the free milk does not displace regular commercial sales.

In this connection I want to quote a very able editorial appearing in the Wisconsin Agriculturist and Farmer, of the issue of September 25, 1937, which was furnished me by Mr. E. R. McIntyre, one of the editors. I quote:

In the long run we want dairying production to increase. We want the American people to consume at least 50 percent more in dairy products than they now consume. But we also want dairymen to be paid for producing.

From the standpoint of national health and national welfare, how would it be to start a policy of seeing that every child in the United States up to the age of 16 had the minimum allowance of milk and other dairy products that are needed for healthful development?

We worry sometimes about pauperizing older people by feeding them without their working for it in return. But you cannot pauperize a child.

This is something for Wisconsin dairymen to think about. . . . The long-time need is to get consumption up, by higher pay rolls, by subsidizing consumption, or by both.

May I add to the foregoing the absolute necessity of milk for expectant mothers and for the sick? If we could work out a plan similar to the one now being used in Boston whereby milk and milk products would be furnished to the needy and the unemployed, children up to the age of 16, the sick and undernourished, and expectant mothers, I believe that our market for milk would be twice as large as it is today and that the health of our people would be greatly benefited. We could work out such a program if we had the \$30,000,000 a year to which we are entitled.

I trust that these remarks will receive serious and favorable consideration.

Mr. DOXEY. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. FORD].

Mr. FORD of Mississippi. Mr. Chairman, I rise at this time to request the attention of the chairman of the Committee on Agriculture so that I may ask him some questions in regard to a few sections of the bill.

I direct attention to page 60, section 355, which sets out the apportionment of the national acreage allotment. It provides as follows:

Sec. 355. (a) The national acreage allotment for cotton for each year shall be apportioned by the Secretary among the several States on the basis of the acreage devoted to the production of cotton during the 5 calendar years immediately preceding the calendar year in which the national acreage allotment is determined (plus, in applicable years, the acreage diverted under previous agricultural conservation and adjustment programs) with adjustments for abnormal weather conditions and trends in acreage during the applicable period.

I particularly ask the chairman of the Committee on Agriculture what is meant by the phrase "with adjustments for abnormal weather conditions and trends in acreage during the applicable period"?

Mr. JONES. The abnormal conditions refer to weather conditions which may prevent planting. In some cases it is too dry; in others too wet. There are slight adjustments, according to the Department, that have to be made in any program. These slight reductions change for the time being the acreage planted, but they will be very slight. The major adjustments will be in connection with the planted acreage. The trend has to do with a swinging or slight change in the area planted, for which they make some adjustments.

Mr. FORD of Mississippi. Does not that language give the Secretary such broad power that he could, for instance, say that Mississippi had during the past year abnormal weather conditions in that the Lord had favored that State with plenty of sunshine and rain and, therefore, according to that language, he could take away from the people of that State certain advantages? If you want to we could put it on the basis of Texas or any other State.

Mr. JONES. I do not think so. There is leeway given, and it seems to me that leeway should be given for those changes in trends. The first part is the major yardstick and the one that for all practical purposes will control. Of course, if one assumes that those administering the act are not going to administer it in good faith the effect of any act, no matter how good, may be destroyed. A large portion

of the success of an act is dependent upon its proper administration. In this particular area it has always been administered by those who are familiar with the problems and by those who live in that section and who understand the situation. I do not anticipate any danger there.

Mr. FORD of Mississippi. I hope they will administer it fairly. But I call the attention of the chairman of the Committee on Agriculture to the fact that under the previous base acreage allotment, if the gentleman is as familiar with the conditions in his State as I am in my State and district, he will know there was not an absolutely honest and equitable adjustment to all farmers on the base acreage arrangement.

Mr. JONES. I understand. That is in another provision, however. This is the national and State allotment and has to do only with the national and State allotments.

Mr. FORD of Mississippi. Would it not be better to insert in line 11, after the word "adjustment" the word "up" in order that he might not adjust it down if they had favorable weather conditions?

Mr. JONES. I do not think there will be serious changes in that respect anyway. The major objection heretofore has been to the base-acreage proposition which applied within the counties. I think we have in the subsequent provisions a very good method for dividing up the acreage within the county. This other might change slightly the allotment to some State where there had been a decided trend one way. They might make some slight adjustment, but this particular thing refers to the State and national allotments.

Mr. FORD of Mississippi. In that connection I call the attention of the gentleman to subsection (b), section 355, which deals with the allotment to the counties. The language provides that the said acreage allotment shall be apportioned annually by the Secretary to the counties and other administrative areas in the State. What is meant by "other administrative areas"?

Mr. JONES. That follows for all practical purposes county lines, but "county" is not altogether an accurate term. In some sections they use township and other subdivisions, while in still other States they may use the term "parishes." In a few outlying counties there are only a few people who would be subject to the program and in those instances they sometimes attach two counties together. The local administrative area in practically all instances is the county. There are some counties in which one-half, say, will be an entirely different soil and an entirely different type of production from the other half and they sometimes have two administrative areas within a county, but those are infrequent happenings, as is the combination of counties. The main use for that will be in connection with other divisions where they do not have county divisions.

Mr. FORD of Mississippi. Would not the language as written in that section give the Secretary of Agriculture the right to set up several administrative areas or more than one administrative area in each county, thereby discriminating against people living in one area as against another?

Mr. JONES. Of course, he might possibly make some discrimination that way if he were disposed to. We have in some communities a local administrative area. It says:

The allotment to any county or other local administrative area—

It is in there—

shall be apportioned annually by the Secretary.

That only applies to local areas.

Mr. FORD of Mississippi. Who determines the local areas?

Mr. JONES. Of course those who are administering the program. It is determined largely by the State set-up. It depends largely on the administrative authorities in the State. It is purely a local, administrative area, as you will notice when you get down to the locality, and I do not anticipate there will be any difficulty on this proposition.

Mr. FORD of Mississippi. Would it not be better to make the bill read "counties and parishes"?

Mr. JONES. I know of one particular county, for instance, the county in which I was born, Cooke County, Tex., the east-

ern half of which is of an entirely different type from the western. It is what is called timberland. There are what we know as cross timbers there. This section has a sandy soil, which grows large quantities of fruits and vegetables and cotton. The western half of the county is a wheat and cotton section, with a richer and deeper soil. I do not know that they have different areas, but in this particular instance the situation should be handled a little differently in the two different areas. I do not know that it is done there, but a county of this type might need to have two different areas in the county.

Mr. FORD of Mississippi. It has been my experience in following the effect of the program under previous laws that it has worked to the advantage of the large farmer and against the small farmer every time.

Mr. JONES. I know that is true in some instances. That sometimes seems to run through the business world as well. However, we have several provisions in this bill which I believe the gentleman will agree will help cure any difficulty along that line. Of course, you cannot altogether cure difficulties of land ownership and land control, for they are State matters. In this sort of measure we cannot go into the business of adjusting property rights within a State, in that sense.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 3 additional minutes to the gentleman from Mississippi.

Mr. FORD of Mississippi. I represent a district which has 10 counties. A few years ago the Department of Agriculture, through its Extension Service, put on an educational campaign and taught the farmers of my district to diversify and practice dairying and feed growing, which they did. The large farmers in the richer cotton areas in the State increased their production, and then received almost the whole benefit from the last programs. I hope the gentleman will give consideration to some amendments which will make more positive what the Secretary and the local committee will have to do, and not leave it in the hands of a few people in the State who can manipulate it for their own advantage.

Mr. JONES. We shall be happy to give consideration to suggestions along that line. I believe we have made this bill a great deal more definite than previous bills.

Mr. FORD of Mississippi. I believe so, too. I commend the gentleman and every member of his committee for the service they have rendered Congress and the country.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield for a question?

Mr. FORD of Mississippi. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. Would not the language "trends in acreage" permit the Secretary to adjust upward in certain new communities?

Mr. JONES. "Trends in acreage" refers to the State and county, and the Secretary could give some consideration to that in adjusting.

Mr. MURDOCK of Arizona. He could give consideration to communities which are newly settled, where the crop is being developed?

Mr. JONES. Yes.

Mr. MURDOCK of Arizona. This will apply either to the State or county?

Mr. JONES. Yes.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield?

Mr. FORD of Mississippi. I yield to the gentleman from Connecticut.

Mr. PHILLIPS. May I ask this question of the chairman of the committee: Assuming that in certain localities or in large areas the farmers vote "no" on the referendum, how is the situation going to work out? Will the gentleman explain how the situation will not be disjointed by some farmers agreeing in the referendum to the plan contained in this bill and by others not agreeing to it?

Mr. JONES. If the time comes when conditions call for a quota, the Secretary announces this fact, and immediately calls for a referendum. If more than one-third vote adversely, the quota provision is of no further effect.

Mr. PHILLIPS. I understand, but suppose area A votes for the quota and area B votes against it; in such a case, how is the whole matter going to work out in one economy?

Mr. JONES. They take the whole vote of the productive region. All the farmers who would be subject to a quota if it became effective would have the right to vote. If more than one-third of those voting should vote adversely, then the quota would not be in effect anywhere.

Mr. PHILLIPS. I understand; but suppose areas A, B, and C vote for it and areas X, Y, and Z vote against it?

Mr. JONES. They would not have a quota.

Mr. PHILLIPS. How is it possible to harmonize the two in one national economy?

Mr. JONES. They simply cannot have the quota unless as many as two-thirds of those who vote are favorable to it. The other features of the bill, the soil-conservation features, would remain in effect.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. GEHRMANN].

Mr. GEHRMANN. Mr. Chairman, it is not very often that I get up here and do very much talking, but I feel I must say something at this time in behalf of the dairymen whom I represent.

I have gone along with most of the administration's program and I think when you look up my record you will find I am probably as good a Democrat as most of them here. However, it is impossible for me to support this bill as it stands today, unless certain amendments are adopted. The one that will be offered by my colleague [Mr. BOILEAU] must be made part of the bill or I cannot support it.

Wisconsin, as you know, is one of the most important dairying States in the Union. It produces 60-odd percent of all the cheese and over 90 percent of all the Swiss cheese in the country. There is not a thing in this bill to protect the dairyman. In fact, the dairyman is left out in the cold, and other sections of the country are invited to come in and take the present dairyman's place by practicing so-called soil conservation. I certainly have nothing against that, and think it is high time we should practice soil conservation, but we in Wisconsin have done that so long we think anything else impractical. We could not exist any other way. We raise legumes to the extent of 50 percent of our cultivated acreage, and under the present soil-conservation program we certainly could not reap any benefits. To go along with this bill and invite other sections to plant legumes, when they take thirty or forty million acres out of production, is simply to tell them, "Now, you just get a few dairy cows, or a few beef cattle, and gradually they will eat up the feed you produce on the acres for which the Government pays you." It really is not fair to the Wisconsin dairymen or the dairymen of the Nation, and dairying is the largest single industry of any agricultural industry, amounting to approximately \$2,000,000,000 per year.

The gentleman from Mississippi [Mr. FORD] has just called my attention to the fact that the cotton farmer is protected to some extent, at least.

In the first place, the climatic conditions protect him, because in Wisconsin we could not raise cotton, and, on top of that, additional new acreage is limited to 2½ percent; but there is absolutely no limit on production of butterfat or milk or any of its products; in fact, you are inviting such production, and I do not blame the farmers at all for going into it. You are not going to raise clover or three or four crops of alfalfa a year, as you can do in most of the cotton sections, without making use of it; although I say that in the end you are going to cripple the entire agricultural program, because it takes a lot of money to go into dairying on a large scale, or even on a small scale. If you are in a dairy section where you are producing milk for the market, you have to make a heavy investment. You cannot just turn out a bunch of cows and milk them and ship the milk to the market, because our sanitary laws require certain types of buildings and equipment that costs money. On almost any kind of dairy farm

you must have an investment of from \$8,000 to \$12,000. Such competition will mean that you are going to put the present dairy people out of business. They have not been able to more than exist for the last 10 years. They have gone down and down until 75 percent of the dairying section is now bankrupt. Of course, I admit this is true in other sections, but the Agricultural Adjustment Act, the Soil Conservation Act, or the original Triple A rescued many of the farmers in the wheat and grain and cotton sections from entire annihilation, but no such benefits came to the dairy farmer. In 1934 and 1935 butterfat was down to 16 or 17 cents, and, with their heavy investment and overhead, they went down until thousands have lost their homes through foreclosure.

My time is short and I cannot go into all the things I would like to discuss, but, in the first place, some may say that the bill provides a loan feature, and this is true, but who is going to get the benefit? I am not objecting to this, and I think it is the only possible excuse any dairyman could have for supporting it, or that any Representative who has dairymen in his district could have for voting for this bill.

The fact is the farmers are not well enough organized, and this is not the fault of the committee or of the administration. The committee did a wonderful job in bringing out any kind of bill. The fault is with the farmers themselves and under the present set-up, with the exception of a very few cooperatives that have storage facilities that can hold the butter or cheese, our product is going to find its way into the hands of one of the big speculators like the National Dairies, which operates throughout the United States, and now controls about 300 dairy companies. They are the ones who are going to buy the product at as little as they possibly can and they are the ones who are going to store it until a Government subsidy brings the price up to a point where they can reap a harvest; but the actual farmer is not going to get any benefit out of this plan, and I implore the people who represent industrial sections at least to keep in mind that \$2,000,000,000 is taken from the dairy country, which buys an awful lot of machinery and keeps millions and millions of employees in your factories.

You may say that we can spread the dairy industry into other sections and it is true that you can certainly do this, but you are going eventually to put those same people who are now depending on cotton or corn or wheat for their income, into the dairy industry and this is going to cripple both groups, because sanitary requirements will soon force you to make heavy investments already made by the present dairy farmers.

My colleague from Wisconsin [Mr. SAUTHOFF] spoke today about imports, and I certainly agree with him. I also have some figures here, but I have not the time to go into that now. Nevertheless, I may say that the dairy farmer mainly was the goat or was traded off in exchange for the heavy machinery that was exported.

Dr. Sayre, Assistant Secretary to Secretary of State Hull, was at the Farmers' Union State convention, and I happened to be at the same table and we had dinner together. Of course, he defended the administration, and that was to be expected. He talked in general terms, and he was careful not to mention the dairy industry. He knew he was in the midst of a dairy section, and he did not mention the fact that there were great imports especially of dairy products from other countries. He defended the policy as a whole, and then he said, as a justification, that we were practicing the good-neighbor policy, that we were trying to create friendly relations between the different countries.

However, I had to disagree with him because I found that the nations that are shipping in most of the dairy products, have not been involved in war and are not war inclined, with the possible exception of Russia. The other nations, like the Netherlands, Latvia, the Argentine, New Zealand, and Lithuania, are the ones that are shipping most of the dairy products in here, and we have never had any trouble with them. We do not have to practice any good-neighbor policy and we are not on the verge of any war with these countries, so that excuse does not hold at all.

The constant increase in the imports of these products is surprising, although we have a surplus of them in this country.

I might mention, for instance, cheese, which affects my State more than any other product that is involved, and I am not referring to the so-called foreign types of cheese, of which about 11,000,000 pounds was imported this year, but I am referring to the common types of cheese produced in almost every State of the Union, and last year almost 55,000,000 pounds of such cheese was imported. This means a lot to Wisconsin.

I believe at least the Boileau amendment should be adopted. I have not talked to very many how they will vote on this bill, but I personally must say, that I could not support the bill unless we had at least some control to prohibit the acres that are going out of the production of cotton, wheat, corn, tobacco, and rice, from being taken up in products that will be in direct competition with the present dairy farmer.

I do not think it is fair that the dairy farmer should have no protection, and I repeat it is by far the largest of any single agricultural industry. Of course, dairying can be practiced in almost every State of the Union, but you will find that when you get into it, even in the South, they are going to demand sanitary conditions and certain machinery and equipment, as well as certain other facilities, which will make it impossible for you to compete in the industry. The thing for those engaged in wheat, cotton, corn, tobacco, or rice production, is to plant legume crops on the idle acres, and plow them under to preserve the fertility of those acres as well as store surplus moisture for a dry spell that almost always comes. Then let us all strive to improve conditions of the worker so they will have sufficient purchasing power to buy "all" the products our farms will produce. Let us not cripple one already established agricultural industry to temporarily help another; eventually all will go down into bankruptcy unless we create more demand for our products by increasing the income of the consumer sufficiently so they can buy our goods and pay us living wages for them. [Applause.]

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, a few years ago I was traveling over a county that had very fertile land and noticed it was occupied by a happy and contented people. Tenant farmers they were, but they made good money. They had very fertile land and they produced lots of cotton. They were able to educate their children and send them to our State colleges and universities as well as to the eastern colleges and universities. They had good automobiles, they had fine churches, and fine schools.

I was back there through one of these communities the past year and I noticed they did not have these newly painted homes and good churches and these good schools. The people had moved off those homes and had moved to the nearest city or town. Many of them had joined the bread lines there. This land was farmed and it possibly produced more cotton than before, but it was done by tractors and by hired labor. The churches were not occupied on Sunday, nor were the schoolhouses occupied during the week. They did not have a school or church there any more. Anything that destroys community life, that destroys our homes and churches and schools will destroy this Nation, and if that is occurring in this country we must do something to stop it and restore a better condition.

WHERE WEALTH ACCUMULATES AND MEN DECAY

Two hundred years ago a young boy was growing up in a village in central Ireland, who later became one of England's most famous poets. He witnessed the farms of his surrounding countryside passing from the hands of their local proprietors into those of absentee English landlords. Thirty years later he immortalized its wasted remains as *The Deserted Village*. Its lines are as vibrant with warning to us today as they were poignant with memories to his impoverished countrymen of that generation:

Ill fares the land, to hastening ills a prey,
Where wealth accumulates, and men decay;
Princes and lords may flourish, or may fade;
A breath can make them, as a breath has made;
But a bold peasantry, their country's pride,
When once destroy'd can never be supplied.

The peasantry to whom Goldsmith referred in those living lines was not the farmer as an employed laborer but the farmer as an independent proprietor and businessman, the owner and manager of his farm as a business enterprise. It was their independent proprietorship that gave them that sturdiness which was their country's pride; it was their reduction to tenancy and the ranks of employed labor that broke their spirit and sapped the life of their community. The problem that then afflicted rural Ireland menaces rural and urban America today.

It is my belief that we should, in some way, encourage tenants to go back to the farm, and we should encourage landowners to seek good tenants.

ALLOCATE DOMESTIC CONSUMPTION

There are two or three ways it can be done. One way is to give the American farm family the benefit of the American market. We will presume that we consume in this country about 8 million bales of cotton a year. That is a little high right now, but if we were to increase the farmers' purchasing power they themselves would buy a lot of cotton goods. We have 1,600,000 farmers. If the American farmer is entitled to the American market at a fair price, let us divide the 8 million bales among those 1,600,000 farmers, and, for example, give them five bales each at a fair price. Of course, we would not give them exactly five bales, some would get more than others possibly, according to the size of their families, but let us in some way allocate this domestic consumption among the American farmers who are growing cotton for a livelihood. I think we should do the same thing on wheat or corn and other agricultural products for the purpose of giving the American farmer the benefit of the American market at a fair price.

FARMER ENTITLED TO FEDERAL AID FOR TWO REASONS

There are two reasons why farmers are entitled to assistance from the Federal Government. The first reason is that the protective tariff causes the farmer to pay a much higher price than the world price for what he purchases. Farm machinery, for instance, sells much lower, as much as 50 percent lower, in Mexico, South America, and in other countries, than the same manufacturer of that farm machinery sells the same equipment for in this country to the American farmers. The reason the manufacturer is permitted to do this, is because of the protective tariff, which is a discrimination against the American farmer, since he is compelled to buy in a protected market, and sell his cotton, corn, wheat, and other agricultural commodities in both the domestic market and in the world market at the world price. It is certainly right that the farmers be given a compensating benefit for this disadvantage. As pointed out by our distinguished chairman of the Committee on Agriculture, Mr. JONES, when the father of the protective tariff, Alexander Hamilton, first advocated it, he insisted that the farmers would be discriminated against, and said that they should be granted a subsidy from the Federal Government to offset the disadvantages that it would cause them.

PRICE FIXING FOR OTHERS BUT NOT FOR FARMERS

There is another reason why the farmers are entitled to protection from the Federal Government, and that is the price fixing that has been caused by the Government that has resulted in great disadvantages to the farmer. Freight rates, which are a major factor in both what the farmer buys and what he sells, are fixed by an agency of the Government. The Interstate Commerce Commission endeavors to fix these rates sufficiently high to give the railroads an income that will enable them to pay good wages, taxes, salaries, all operating expenses, interest on their bonds, and a fair return upon their investment. The Government has caused the rates to be fixed in that way, and this has resulted in many disadvantages to the farmers. Since the

Government has caused this disadvantage, the Government should offer, and pay, a compensating benefit to the farmers for the discrimination caused.

Oil enters into the price of what the farmers buy and what he sells. The Government has caused, through proration laws, the price of oil to be increased, which has made it more burdensome on the farmer.

Insurance rates are fixed, usually by State laws, or by public bodies, and the farmer is compelled to pay a certain price for insurance on his life or property, regardless of the price of his products.

Telegraph companies and telephone companies are used extensively in the purchase and sale of commodities to and from the farmers. The Congress has passed laws which have permitted these utilities to compel the payment of fixed charges that will give them a fair return on their investment after all wages, salaries, and operating expenses are paid.

Owners of electric power, water, and gas utilities may seek and obtain from courts established by Congress orders restraining cities and States from causing them to charge their customers a lower price than is necessary to give them a fair return.

In the case of the cotton farmer, ginning, compressing, warehousing, and ocean freight charges are usually fixed by agreement or by State law.

Not only are these fixed charges against the farmer but interest rates are usually fixed, and his debts and taxes are fixed regardless of the price of what he produces. Most of our debts and taxes were contracted when farm products were high. A debt contracted on 20-cent cotton that must be paid with 10-cent cotton has been doubled so far as the farmer is concerned. Interest on such a debt at 6 percent is equal to 12 percent when paid in 10-cent cotton.

There is only one way that the American people can pay the more than \$200,000,000,000 in debts, and that is with good prices and good wages.

IF PRICE FIXING CAN BE ACCOMPLISHED FOR COAL IT CAN BE ACCOMPLISHED FOR COTTON

This Congress cannot consistently oppose price fixing for the basic agricultural commodities. This Congress passed what is known as the bituminous coal price fixing bill. Another governmental agency was set up under this law which was authorized and directed to fix the price of coal in a way that the coal miners and operators will receive a fair price. The Commission has performed its function and announced a price for each coal-region district in the United States. It is provided in this law that this price will only apply to the domestic market; that all coal that is sold outside of America must be sold at the world price. That is giving the American coal producers the benefit of the American market at a fair price. This price-fixing Commission has increased the price of coal to railroads and other utilities, which will place an additional burden on the farmers.

Now, if it is right for this Congress to pass a law that will give coal miners and operators a fixed price for that part of their coal that is marketed in the domestic market, I cannot understand why it is not just as possible and reasonable for this Congress to do exactly the same thing for cotton and wheat, and other basic agricultural commodities. If a commission can tag coal for domestic consumption at a fair price, such a commission can tag cotton for domestic consumption at a fair price. If it is right for one, it is right for the other. If Congress was consistent in the passage of the coal bill, it will be just as consistent in the passage of a similar bill for cotton and wheat.

LABOR

In addition to price fixing in regard to coal, oil, railroad rates, insurance, telegraph, telephone, electric power, water, gas, ginning, compressing, warehousing, ocean freight, and interest, an effort is being made in Congress to fix the price of labor, which directly affects the farmers, who receive 5 and 10 cents an hour for their work. If farmers were to receive parity prices, they would receive less than 20 cents an hour for their work.

In view of prices having been fixed against the farmer, and in view of the protective tariff which makes him pay twice as much for his machinery as a farmer in Mexico is compelled to pay for the same machinery from the same manufacturer, it is the humane duty of Congress to do something to give the farmers a compensating benefit for the disadvantages and discriminations that Congress is causing them to suffer. We should pay labor a fair wage. We should pay farmers a fair price.

CAN WE FIX PRICES AGAINST THE FARMER AND YET BE ABSOLUTELY HELPLESS TO FIX PRICES FOR HIM?

I hear this talk that you cannot fix the price, and I know that this committee has been interested and busy in trying to work out the problem from a different angle. If the committee is unsuccessful, there is no doubt in my mind about its considering price fixing at some other session of Congress in the very near future. I am not in accord with the views expressed here that you cannot fix prices.

If we can fix all other rates and charges against the farmer, is there not some way that we can protect him? Are we absolutely helpless? It is said that if we fix the price on cotton too high people will use jute and rayon and silk and things like that. They will use a certain amount of these products anyway. Why not say do not increase the present freight rates, because if you do people will turn to trucks and busses and waterways and not use the railroads, but offer the railroads increased freight rates and they will take them? They are not afraid of these substitutes. I know that is always the claim, but it does not work out that way in practice.

A 5-CENT COTTON MEANS 5 CENTS AN HOUR FOR LABOR

I do not see why we cannot do something to give the farmer a fair price for basic agricultural commodities. Five-cent cotton means 5 cents an hour. That is what it means. It takes an hour's work to produce a pound of cotton. I do not say that this bill would make 5-cent cotton, but I do not see how we can help but have 5-cent cotton next year if this bill passes as it is. If it does that, it means 5-cent labor. Five-cent labor on a farm is just as hard as any labor in industry. It is difficult to reconcile a vote for several times that much for industry and only 5 or 10 cents an hour for the farmer. So I believe that this Committee should, at least sometime in the near future, if not now, consider a price-fixing bill that will give the American farmer the benefit of the American market at a fair and reasonable price. If it can be done for others, I believe it can be done for the farmers. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. LORD].

Mr. LORD. Mr. Chairman, I want to speak today for the farmers of the Northeast, the dairy farmer.

In our committee consideration was given to every other branch of farming except to the dairyman. We proposed various amendments to the law that would give some benefit to the dairy farmers, and all those measures were voted down. For instance, we proposed that butter, cheese, and dairy products coming into this country from foreign countries should pass under the same inspection that is required in the United States; but that was defeated. I am opposed to the reciprocal-trade agreements that have lowered the tariff on cheese, on butter, and on cream. We know how disastrously the lowering of the tariff on cream has worked against the dairy farmer of New York State. The tariff was cut in half on cream coming in from Canada. Since that law has been in effect, much more cream has come into the country.

I want to see all farmers prosperous, the wheat farmer, the tobacco farmer, the cotton farmer, the corn farmer, and the rice farmer. I want to see them all prosperous, but in like manner, I want to see the dairy farmer prosperous, for in fact we in the North and Northeast pay the tax bill. It all comes out of that section of the country.

Soil conservation has helped, and we should provide money for soil conservation. We should give more of an allotment to the farmers, so that they may improve the soil. But when

you improve the soil in those States that raise cotton, corn, wheat, and rice, and tobacco, you must put that land into soil-conserving crops. You must put that land into clover, alfalfa, and legumes. When you have raised those crops, there is only one thing to use them for, and that is to feed them to the stock—beef cattle and dairy cows. When we do that we bring them into direct competition with stock raising and the dairy farmer of the North and the Northeast. I do not object to the farmers of the South or the West going into the dairy business if they go in on their own, but I do object to a Government subsidy, to take out of production certain crops, and put the land on which those crops have been grown into stock raising and dairying. This is where the dairy farmer is paying for bringing into competition with him the other farmers of the Nation and receiving no benefit but increasing his competition.

I believe we should have more small farms in the country. It is the small farmer who gets along and makes a living that supports our Nation. I do not think the small cotton farmer is being treated fairly in this legislation. We have been told they can hardly get along; they cannot get enough to pay their taxes. Still in this legislation they are not given any consideration as to the number of bales of cotton they can raise. The small cotton farmer has to take a reduction in acreage on the same basis as the man who raises thousands of bales. In many cases he cannot raise even one bale. I think that is where our legislation is very unfair to him.

After all, you know the big fellow is always looking out for himself. He is always being good to himself, and I believe he is in this legislation. However, the dairy farmer in this legislation is being left out on a limb, be he a large or small farmer. He must yield his market to the foreigner and the corn, cotton, tobacco, rice, and wheat farmers are to receive Government aid to be brought into competition with him. We should take care of the little farmer on small farms, for we can support many more people much better than we can on large farms of thousands of acres.

The Secretary of Agriculture, to my mind, is to have much more power than any one man should have. Under this bill he is really regimenting the farmer. He is telling him what he can do and what he cannot do; how many acres he can raise and how many acres he cannot raise. This is not just the kind of government we have been brought up under or that we want to continue under.

The cost of this legislation, as it has been figured out before our committee, if all the measures are carried out, will be more than a billion dollars. That would not be so bad if the taxpayers can stand the expense, and if it went to the farmer that we wanted it to get back to, the little fellow back home, but it is going to the more wealthy. It is not going to help conditions and bring about the purchasing power for the little man that we want to bring about.

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. LORD. I yield.

Mr. ANDRESEN of Minnesota. The gentleman means, then, that he wants these payments to go to the man who operates the family-sized farm rather than to the big commercial farmer who operates thousands and thousands of acres; and also he wishes a cutting down of some of the administrative costs that necessarily come from the policing of the agriculture of this country.

Mr. LORD. Mr. Chairman, I thank the gentleman for his observation. That is exactly what I want. I want the little farmer to have a chance. He is the man who needs the help.

I am told that it costs about \$14 for administration for every \$100 that the farmers of this Nation receive as income from the farms. This is an enormous amount of money to be spent for administration. If they would really help the farmer a little more and not spend so much in administration, I believe the country would be much better off. [Applause.] [Here the gavel fell.]

Mr. JONES. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 8505) to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce, had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DITTER (at the request of Mr. KINZER), for this week, on account of illness.

To Mr. SHEPPARD, for 10 days, on account of death in family.

To Mr. WALTER (at the request of Mr. ALLEN of Pennsylvania), indefinitely, on account of the death of his mother.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2675. An act to amend certain sections of the Federal Credit Union Act approved June 26, 1934 (Public, No. 467, 73d Cong.).

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on November 26, 1937, present to the President, for his approval, a joint resolution of the House of the following title:

H. J. Res. 516. Joint resolution to provide for certain expenses incident to the second session of the Seventy-fifth Congress.

ADJOURNMENT

Mr. JONES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 26 minutes p. m.) the House adjourned until tomorrow, Tuesday, November 30, 1937, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Merchant Marine and Fisheries Committee will hold a public hearing on H. R. 8532, to amend the Merchant Marine Act, 1936, to further promote the merchant marine policy therein declared, and for other purposes, in room 219, House Office Building, on Thursday, December 2, 1937, at 10 a. m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. JONES: Committee on Agriculture. H. R. 8505. A bill to provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce; without amendment (Rept. No. 1645). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 1679) granting a pension to Sarah A. De Gross, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. STEAGALL: A bill (H. R. 8520) to amend the National Housing Act, and for other purposes; to the Committee on Banking and Currency.

By Mr. EICHER: A bill (H. R. 8521) to regulate interstate and foreign commerce in agricultural products, yielding exportable surpluses; to prevent unfair competition by forbidding the purchase of such products from producers for less than cost of production; to provide for the orderly marketing

of such products; to set up emergency reserves from certain export percentages; to provide for the general welfare; and for other purposes; to the Committee on Agriculture.

By Mr. MASSINGALE: A bill (H. R. 8522) to regulate interstate and foreign commerce in agricultural products, yielding exportable surpluses; to prevent unfair competition by forbidding the purchase of such products from producers for less than cost of production; to provide for the orderly marketing of such products; to set up emergency reserves from certain export percentages; to provide for the general welfare; and for other purposes; to the Committee on Agriculture.

By Mr. FORD of California: A bill (H. R. 8523) to aid in the national defense, to promote water-borne commerce between the States, to further the development and maintenance of intercoastal shipping, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. MANSFIELD: A bill (H. R. 8524) authorizing the completion of the existing project for the protection of the sea wall at Galveston Harbor, Tex.; to the Committee on Rivers and Harbors.

By Mr. RANDOLPH: A bill (H. R. 8525) to authorize a preliminary examination and survey of Deckers Creek in Monongalia County, W. Va., with a view to providing flood protection for the Deckers Creek Valley; to the Committee on Flood Control.

By Mr. THOMPSON of Illinois: A bill (H. R. 8526) to provide for the construction of an administration building at Rock Island Arsenal, Rock Island, Ill.; to the Committee on Military Affairs.

By Mr. FULMER: A bill (H. R. 8527) to authorize the Secretary of Agriculture to procure bagging not to exceed the product of 100,000 bales of low-grade cotton and to sell such bagging for covering bales of cotton to be sold on a net-weight basis; to the Committee on Agriculture.

By Mr. BLAND: A bill (H. R. 8528) to provide for an examination and survey of the waterway from Chesapeake Bay through Accomac County, Va., to the Atlantic Ocean; to the Committee on Rivers and Harbors.

By Mr. BIERMANN: A bill (H. R. 8529) to fix a base for the annual contract pay on star routes; to the Committee on the Post Office and Post Roads.

By Mr. GRIFFITH: A bill (H. R. 8530) providing for a site and public building for a post office at Amite, parish of Tangipahoa, La.; to the Committee on Public Buildings and Grounds.

By Mr. BLAND: A bill (H. R. 8531) to amend section 6 of the act approved May 27, 1936 (49 Stat. L. 1380); to the Committee on Merchant Marine and Fisheries.

Also, a bill (H. R. 8532) to amend the Merchant Marine Act, 1936, to further promote the merchant-marine policy therein declared, and for other purposes; to the Committee on Merchant Marine and Fisheries.

Also, a bill (H. R. 8533) to amend section 4370 of the Revised Statutes of the United States (U. S. C., 1934 edition, title 46, sec. 316); to the Committee on Merchant Marine and Fisheries.

By Mr. MAVERICK: A bill (H. R. 8534) to authorize the Secretary of War to grant a right-of-way for highway purposes upon and across Kelly Field, a military reservation, in the State of Texas; to authorize an appropriation for construction of the road and necessary fence lines; to the Committee on Military Affairs.

By Mr. FULMER: Joint resolution (H. J. Res. 520) authorizing the distribution of 500,000 bales of low-grade cotton, 35,000,000 bushels of wheat, and 25,000,000 bushels of corn to the American National Red Cross and other organizations as designated by the President of the United States for the relief of needy and distressed people and for the feeding of livestock in distressed areas; to the Committee on Agriculture.

By Mr. SMITH of Connecticut: Joint resolution (H. J. Res. 521) proposing an amendment to the Constitution of the United States to enable the United States to lay and collect taxes on income derived from securities issued and salaries paid by any State and to enable each State to lay and collect taxes on income derived by residents from securities issued

and salaries paid under authority of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALESHIRE: A bill (H. R. 8535) for the relief of Edith R. Rosensteel, executrix; to the Committee on Claims.

By Mr. BIERMANN: A bill (H. R. 8536) for the relief of Irvin L. Becker; to the Committee on Claims.

By Mr. CROWE: A bill (H. R. 8537) granting a pension to Maggie G. Herrod; to the Committee on Invalid Pensions.

By Mr. DIXON: A bill (H. R. 8538) granting an increase of pension to Robert Goodman; to the Committee on Pensions.

By Mr. GREENWOOD: A bill (H. R. 8539) for the relief of Frank Mulder; to the Committee on Military Affairs.

By Mr. JENKINS of Ohio: A bill (H. R. 8540) granting an increase of pension to Eliza L. Grover; to the Committee on Invalid Pensions.

By Mr. KEE: A bill (H. R. 8541) for the relief of William Luther Amonette, Jr.; to the Committee on Naval Affairs.

By Mr. O'TOOLE: A bill (H. R. 8542) for the relief of Niccolo Zanghi; to the Committee on Immigration and Naturalization.

By Mr. RANDOLPH: A bill (H. R. 8543) for the relief of Earl J. Lipscomb; to the Committee on Claims.

Also, a bill (H. R. 8544) for the relief of Alba C. Mitchell; to the Committee on Claims.

By Mr. REED of New York: A bill (H. R. 8545) granting a pension to Grace H. Lyon; to the Committee on Invalid Pensions.

By Mr. ZIMMERMAN: A bill (H. R. 8546) granting a pension to William W. Humes; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3438. By the SPEAKER: Petition of the California State Federation of Labor, relating to Alaska fisheries; to the Committee on Merchant Marine and Fisheries.

3439. Also, petition of the American Finance Conference, relating to the tax on undistributed surplus; to the Committee on Ways and Means.

3440. Also, petition of the Credit Union League, Inc., Washington, D. C., relating to the Federal Credit Union Act; to the Committee on Banking and Currency.

3441. By Mr. KEOGH: Petition of the Producers' Council, New York City, concerning serious consideration be given to the immediate stimulation of renovation work by some method to title I of the National Housing Act; to the Committee on Labor.

3442. By Mr. BACON: Petition of sundry citizens of Westhampton, Long Island, urging the enactment of the so-called antiliqor advertising bill (S. 1369); to the Committee on the Judiciary.

3443. By Mr. HILDEBRANDT: Resolution of the Conference for Progressive Legislation, Mitchell, S. Dak., November 13, 1937, adjudging the subject matter in booklet of the national committee on wage and hour legislation; to the Committee on Labor.

3444. By Mr. CURLEY: Petition of the North Carolina Cotton Manufacturers' Association, opposing enactment of any cotton processing tax; to the Committee on Ways and Means.

3445. Also, petition of the American Labor Party, Bronx County, Bronx, New York City, urging passage of the Black-Connery bill with amendments recommended by organized labor; to the Committee on Labor.

3446. By Mr. LEAVY: Petition of 14 manufacturers of lumber and boxes whose manufacturing plants are located in north-central Washington, urging the revision of the tax structure of corporations such as they and having a capital from \$50,000 to \$100,000, the major part of which is invested in plant and timber, and pointing out the great need of

lightening the tax burden being imposed upon such corporations by the undistributed-profits tax, which in some instances has the effect of taking up to 50 percent of a year's profit for Federal income tax; to the Committee on Ways and Means.

3447. By Mr. CARTER: Petition of Clay C. Blough, of Oakland, Calif., author, to the Congress of the United States for the establishment of a sweepstake in this country; to the Committee on Ways and Means.

3448. By Mr. PFEIFER: Petition of the Central Trades and Labor Council of Greater New York and vicinity, opposing the construction of United States subsidized ships in foreign countries; to the Committee on Foreign Affairs.

3449. Also, petition of the National Maritime Union of America, Atlantic and Gulf district committee, New York City, concerning the wage and hour bill; to the Committee on Labor.

3450. Also, petition of the Producers' Council Club of New York, concerning renovation work by some method similar to title I of the National Housing Act to stimulate and revive the building industry; to the Committee on Labor.

3451. Also, petition of the Illinois Society of Architects, concerning the undistributed profits tax; to the Committee on Ways and Means.

3452. Also, petition of the California State Federation of Labor, San Francisco, concerning the Alaska fisheries; to the Committee on Merchant Marine and Fisheries.

3453. By Mr. KEOGH: Petition of the Chamber of Commerce of the State of New York, concerning legislative steps to promote recovery; to the Committee on Labor.

3454. By Mr. PFEIFER: Petition of the Brotherhood of Railroad Station Porters, Philadelphia, Pa., concerning the wages-and-hours bill; to the Committee on Labor.

3455. By Mr. KEOGH: Petition of the California State Federation of Labor, concerning Alaska fisheries; to the Committee on Merchant Marine and Fisheries.

3456. Also, petition of the National Association of Credit Men, New York City, concerning the Revenue Act of 1936; to the Committee on Ways and Means.

SENATE

TUESDAY, NOVEMBER 30, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, November 29, 1937, was dispensed with, and the Journal was approved.

MESSAGE FROM THE PRESIDENT—APPROVAL OF JOINT RESOLUTION

A message in writing from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on the 19th instant the President approved and signed the joint resolution (S. J. Res. 222) granting the consent of Congress for the loan of certain portraits now located in the Capitol to the United States Constitution Sesquicentennial Commission for exhibition in the Corcoran Art Gallery.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Brown, N. H.	Copeland	Glass
Ashurst	Bulkley	Davis	Graves
Austin	Bulow	Dieterich	Green
Bailey	Burke	Donahay	Guifey
Bankhead	Byrd	Duffy	Hale
Barkley	Byrnes	Ellender	Harrison
Berry	Capper	Frazier	Hatch
Bilbo	Caraway	George	Hayden
Borah	Chavez	Gerry	Herring
Bridges	Clark	Gibson	Hitchcock
Brown, Mich.	Connally	Gillette	Johnson, Calif.

Johnson, Colo.	McKellar	Overton	Stelwer
King	McNary	Pittman	Thomas, Okla.
La Follette	Maloney	Pope	Thomas, Utah
Lee	Miller	Radcliffe	Townsend
Lodge	Minton	Russell	Truman
Logan	Moore	Schwartz	Tydings
Louderman	Murray	Schwellenbach	Vandenberg
Lundeen	Neely	Sheppard	Van Nuys
McAdoo	Norris	Shipstead	Wagner
McCarran	Nye	Smathers	Walsh
McGill	O'Mahoney	Smith	White

Mr. MINTON. I announce that the Senator from West Virginia [Mr. HOLT], the Senator from Delaware [Mr. HUGHES], and the Senator from North Carolina [Mr. REYNOLDS] are absent from the Senate because of illness.

The Senator from Montana [Mr. WHEELER] is absent because of a death in his family.

The senior Senator from Florida [Mr. ANDREWS], the Senator from Washington [Mr. BONE], the Senator from Illinois [Mr. LEWIS], and the junior Senator from Florida [Mr. PEPPER] are unavoidably detained from the Senate.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

ELIXIR OF SULFANILAMIDE

The VICE PRESIDENT laid before the Senate a letter from the Assistant to the Secretary of Agriculture, transmitting, in further relation to Senate Resolution 194 (submitted by Mr. COPELAND and agreed to on the 16th instant), copies of a smaller and clearer map, showing the distribution of Massengill's Elixir Sulfanilamide, to be substituted for the map previously sent to the Senate, which, with the accompanying maps, was referred to the Committee on Commerce.

DISPOSITION OF EXECUTIVE PAPERS

The VICE PRESIDENT laid before the Senate letters from the Archivist of the United States, transmitting, pursuant to law, lists of papers and documents on the files of the Departments of the Treasury, War, Navy, Interior, Agriculture, Commerce, and Labor, and the Civil Service Commission, the Veterans' Administration, the Federal Housing Administration, and the United States Food Administration which are not needed in the conduct of business and have no permanent value or historical interest and requesting action looking to their disposition, which, with the accompanying papers, were referred to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. BARKLEY and Mr. GIBSON members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by Local Union No. 258, United Automobile Workers of America, and Locals Nos. 12023 and 12092, District 50, United Mine Workers of America, all of Philadelphia, Pa., favoring the enactment of wage and hour legislation and protesting against lay-offs of workers in the Philadelphia area, which were referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the Board of Aldermen of New York City, N. Y., favoring diplomatic action by the Government of the United States looking to persuading the Polish Government to desist from alleged outrages and persecutions of the Jews in Poland, which was referred to the Committee on Foreign Relations.

Mr. COPELAND presented a letter in the nature of a memorial from George C. Stein, president of the George F. Stein Brewery, Inc., of Buffalo, N. Y., remonstrating against any reduction in the duty on imported beer, which was referred to the Committee on Finance.

Mr. LODGE presented petitions of sundry citizens of the State of Massachusetts, praying for the enactment of legislation to abolish the Federal Reserve System as presently constituted and to restore the congressional function of coining and issuing money and regulating the value thereof, which were referred to the Committee on Banking and Currency.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that today, November 30, 1937, that committee